



Daily Report

East Asia

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Ministers Hold 'Intensive' Bilateral Talks

BK1511123295 Jakarta Radio Republik Indonesia Network in Indonesian 0700 GMT 15 Nov 95

[FBIS Translated Text] Asia-Pacific Economic Cooperation [APEC] ministers began to hold intensive bilateral talks today to overcome their differences of opinion, which have become an obstacle to the formulation of the 1996 APEC action agenda.

Correspondents Ahmad Musrif and Kabul Budiono report the following live from Osaka:

[Musrif] The APEC bilateral meetings were held at the same time as the senior officials' talks, which must be extended until this evening. Hartarto, coordinating minister for industry and trade, held talks this morning with Ryutaro Hashimoto, Japanese minister of international trade and industry. The two ministers tried to sort out the views expressed by different countries. A senior official of the Japanese Ministry of International Trade and Industry told reporters that Indonesia and Japan actually share many common views on the issue of comprehensive free trade. What has become a problem is the issue of trade nondiscrimination and [word indistinct].

At a separate venue, Foreign Minister Ali Alatas held talks on similar topics with his Japanese counterpart Yohei Kono.

[Budiono] Listeners, the Japanese side continues to believe that the issue of free trade and investment should be implemented in a flexible and realistic manner. Japan believes the action agenda, which will be signed by the APEC economic leaders in Osaka, must be able to boost trade and business activities. Japanese Foreign Minister Kono said this at a news conference in Osaka this morning after he met with his Indonesian counterpart Ali Alatas. Kono said it is necessary to approve comprehensive trade liberalization if APEC member countries want to boost trade and business activities in the Asia-Pacific region through their action agenda. He stressed that Japan is not opposed to the concept of comprehensive trade liberalization. What is important is that it must be implemented in a flexible and realistic manner, especially for certain sectors.

[Musrif] Japan also wants the action agenda to formulate a cooperation mechanism between APEC member countries. Japan believes that it is no longer necessary to carry out cooperation vertically during the next stage of cooperation — namely, for developed countries to help developing ones. For this reason, Japan has proposed a cooperation mechanism called Partner for Progress.

Listeners, other news from Osaka includes the Japanese Government's refusal to grant political asylum to the

East Timorese youths who are now inside the Japanese Embassy in Jakarta.

[Budiono] Foreign Affairs Ministry spokesman Hiroshi Hashimoto said Japan will not grant political asylum to the 21 East Timorese youths who are now inside the Japanese Embassy in Jakarta. Hashimoto said the Japanese legal system makes it impossible to grant asylum to the youths. Japanese officials also do not think there is any past precedent that will compel Japan to accept the youths' request for asylum.

APEC Economic Ministers Meet Informally

OW151113895 Tokyo KYODO in English 0950 GMT 15 Nov 95

[FBIS Transcribed Text] Osaka, Nov. 15 KYODO — Economic ministers from the Asia-Pacific Economic Cooperation (APEC) forum attended a dinner and held informal talks in Osaka on Wednesday evening, on the eve of an annual meeting aimed at charting APEC's path toward enhanced regional growth — and at ironing out differences on key trade principles.

APEC's 18 member economies were represented at the banquet by ministers who will hold a formal meeting Thursday and Friday, which precedes the third informal summit of APEC leaders Sunday.

A focus of attention is how the ministers, from economies with widely differing stages of development, can come up with mutually acceptable solutions to sensitive issues which require political decisions.

These issues have been carried over from working-level sessions of senior officials from APEC members held six times this year, from one in Fukuoka, southern Japan, in February, up to a final meeting which lasted to just before the start of the ministers' banquet.

Thorniest among them is likely to be whether the principle of "nondiscrimination" in trade relations between APEC members should be included in the forum's action agenda for achieving free trade and investment goals by 2020.

Hong Kong's Secretary for Trade and Industry Chau Tak-hay said Tuesday the dispute is not a problem of wording but of policy.

The issue is basically a confrontation between the United States and China over whether most-favored-nation status would be possible under the APEC principle.

Equally difficult to resolve is the issue of so-called "comparability" between APEC members with differing cultural preferences for negotiating style and visions of how APEC should work.

Some, such as the U.S., believe that APEC must adopt clear-cut rules when deciding trade issues, while other members favor the continuation of APEC's consensus approach.

Apart from solutions to these outstanding issues, the APEC ministers will also seek to establish the course the regional forum should take toward the 2020 free trade deadline decided under the Bogor declaration.

According to a draft joint statement prepared for the ministerial meeting, it is expected to stress the importance of the action agenda in providing a blueprint for APEC's growth.

The draft statement said ministers will underline "the strategic significance of the action agenda in providing a long-term framework to chart the future course of our cooperation, which will enhance the prospects of accelerated, balanced and equitable economic growth in the region."

The ministers are expected to release their joint statement Friday and to adopt the action agenda, which will be formalized by the APEC leaders' summit.

APEC comprises Australia, Canada, Chile, China, Hong Kong, Japan, Mexico, Papua New Guinea, New Zealand, South Korea, Taiwan, the U.S. and six of the seven members of the Association of Southeast Asian Nations — Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand. The remaining ASEAN member, Vietnam, is not an APEC member.

Training Plans Proposed for APEC Officials

*OWI511141495 Tokyo KYODO in English
1150 GMT 15 Nov 95*

[FBIS Transcribed Text] Tokyo, Nov. 15 KYODO — Japan has mapped out three training plans for APEC bureaucrats as a first step in implementing Japanese-suggested "Partners For Progress (PFP)" program to reinforce regional economic and technical alliances, government officials said Wednesday [15 November].

The plans call for training senior bureaucrats in the region to develop common technical standards and authorization systems, protect industrial property rights and promote competitive policies, the officials said.

Foreign Minister Yohei Kono proposed the PFP at last year's ministerial conferences of the Asia-Pacific Economic Cooperation (APEC) forum in Indonesia to provide direct support for APEC members' commitment to free trade and investment.

Japan initially expected to set up a special committee within the APEC secretariat for processing PFP operations, but gave up the idea because the United States

and other countries criticized it as too wasteful, the officials said.

Tokyo, therefore, decided to ask APEC members to voluntarily propose concrete support programs for economic partnerships in the region and execute them using existing APEC organizations, according to the officials.

The government hopes its personnel training plans will help prompt the other members to iron out their own ideas, the officials added.

Australia 'Understands' Flexible APEC Approach

*OWI511141695 Tokyo KYODO in English
1148 GMT 15 Nov 95*

[FBIS Transcribed Text] Osaka, Nov. 15 KYODO — Australia understands Japan's proposal to allow "flexibility" in the free trade and investment goals of the Asia-Pacific Economic Cooperation (APEC) forum, Japanese officials said Wednesday [15 November].

Australia's stance was highlighted when Japanese Foreign Minister Yohei Kono, Japanese International Trade and Industry Minister Ryutaro Hashimoto, Australian Foreign Minister Gareth Evans and Australian Trade Minister Bob McMullan met for 45 minutes on the ongoing high-level APEC meeting in Osaka, western Japan.

Japan and Australia still have some "small" points to resolve, the officials said, adding that what should be discussed further is probably the wording of the statement.

During the bilateral meeting, the Japanese and Australian ministers made some concessions on the "comprehensive" free trade and investment principles, the officials said.

Hashimoto was quoted as saying there is some hope that Japan, which is chairing the APEC meeting, can arrange to have the 18 APEC members agree on Tokyo's proposal on the "action agenda" package. The package will state ways to implement the APEC free trade and investment goals to be issued Sunday.

The Japanese proposal says, "flexibility will be exercised in allowing different treatment of economic sectors in the liberalization and facilitation process, taking into account the sectoral specificity in each member economy."

Japan, South Korea, China and Taiwan have argued that the agricultural sector should be treated "specially" in terms of the liberalization principles, but Tokyo has toned down the expression into "flexibility," in response to criticism from Australia, the United States and other countries which strongly support "comprehensiveness."

The officials, however, noted that Hashimoto said it is still unsure whether each country would accept the Japanese proposal.

Evans told a separate press conference, "there are clearly two or three things still outstanding in terms of the negotiation of the material."

"But our judgement at this stage is that there is no issue that is unresolvable and we are reasonably confident that we can get a very good result, maybe as soon as this evening, but certainly by the conclusion of the ministerial meeting," he said.

Evans, however, added that agriculture and other sectors would not be excluded from the target date commitments, and said he was sure the Osaka meeting would get such a result.

Ministers from the 18 APEC members will meet Thursday and Friday, while leaders will hold an unofficial summit on Sunday.

The Osaka meeting aims at mapping out ways to liberalize trade and investment in the region by 2010 for developed members and 2020 for developing partners.

Malaysia Urges Vietnam, Peru To Join APEC

BK1611025495 Kuala Lumpur RTM Television Network 1 in Malay 1200 GMT 15 Nov 95

[FBIS Translated Text] The freeze on APEC's [Asia-Pacific Economic Cooperation] membership will be lifted next year. Malaysia, therefore, has proposed that Vietnam and Peru be admitted as new APEC members in keeping with APEC's goal of attaining prosperity in the region through economic development.

[Begin Malaysian Foreign Affairs Minister Abdullah recording] We do not want to see APEC become an exclusive club limited to only certain countries, because we know that it is APEC's goal to cooperate for common progress in the Asia-Pacific region. Thus, it would be best to allow other countries to enjoy the economic development that APEC could bring about. [end recording]

Earlier, Datuk Abdullah received his New Zealand counterpart Don McKinnon. The two ministers will attend the APEC ministerial meeting that starts tomorrow.

Datuk Abdullah informed McKinnon that any problems that may arise from the expansion of APEC could be settled through negotiations. He was confident that there would be no obstacles to APEC's admitting Vietnam and Peru.

ASEAN Ministers Agree To Meet More Often

*OWI511142295 Tokyo KYODO in English
1210 GMT 15 Nov 95*

[FBIS Transcribed Text] Osaka, Nov. 15 KYODO — The economic and foreign ministers from the Association of Southeast Asian Nations (ASEAN) agreed Wednesday [15 November] to hold more frequent meetings involving both foreign and economic ministers in a bid to enhance cooperation among them, ASEAN officials said.

They adopted this option instead of a proposal from the ASEAN secretariat to hold an ASEAN summit every two years rather than every three years, a proposal they felt would put too much burden on ASEAN leaders.

The ministers, gathered in this Japanese city for the annual talks of Asia-Pacific Economic Cooperation (APEC) foreign and trade ministers, which begins on Thursday, decided that ASEAN's Joint Ministerial Meetings (JMM), which involves both foreign and trade ministers, should be held more often.

They also agreed to invite the chairman of ASEAN's sectoral ministerial meetings, including the ministerial meetings on agriculture and forestry, energy, environment, information and science and technology to attend the JMM when necessary.

In an effort to strengthen the grouping, the ministers also agreed that the ASEAN secretariat based in Jakarta should focus more on substance.

In a morning session, the economic ministers from the seven ASEAN countries, including Vietnamese Trade Minister Lee Van Triet, discussed preparations for the ASEAN leaders' summit meeting in Bangkok, Thailand, next month.

This includes a declaration to be issued by ASEAN leaders at the summit and several economic agreements that ASEAN members are expected to ink there, including two framework agreements — one on services and the other on intellectual property rights.

In an afternoon session, ASEAN economic and foreign ministers exchanged views on the "action agenda," which APEC ministers are to adopt and propose to their ministers for endorsement at the summit on Sunday.

But as expected, ASEAN, which does not share a common position on APEC issues, remained divided at the meeting.

Malaysia's minister for International Trade and Industry Rafidah Aziz reiterated her proposal that APEC's "action agenda" for achieving free trade and investment by

year 2020 mention in its preamble that APEC's liberalization and facilitation measures are "nonbinding and voluntary."

She said this will allay some members' fears of committing themselves to certain principles in the action agenda and help to end the current stalemate on these principles.

But Philippines Foreign Minister Domingo Siaazon told reporters after the meeting that "a voluntary offer when accepted is binding."

He suggested that the concept of voluntarism does not have to be in the action agenda but could instead be included in the economic leaders' declaration.

Senior APEC officials, who have met in the last three days to pave the way for the ministerial meeting, are still struggling at the eleventh hour to resolve their differences over the three principles of comparability, nondiscrimination and diversity.

"Unless you resolve the concerns of individual countries pertaining to those three issues, you can't move very far and I thought that one way of resolving it is to remind them right at the very top that this is all voluntary, so do the best you can. That may allay fears," Rafidah said.

PRC's Wu Yi Urges Nondiscrimination in APEC

*OWI511154695 Tokyo KYODO in English
1519 GMT 15 Nov 95*

[FBIS Transcribed Text] Osaka, Nov. 15 KYODO — China's Foreign Trade Minister Wu Yi reiterated in talks with her Japanese counterpart Ryutaro Hashimoto on Wednesday [15 November] that China wants the principle of nondiscrimination to be realized among the 18 members of the Asia-Pacific Economic Cooperation (APEC) forum, Japanese officials said.

Wu said nondiscrimination must become the basic principle in each APEC country's trade system in order to realize APEC's aim to facilitate and liberalize trade in the region, the officials said.

Beijing is eager to establish a nondiscriminatory rule within the APEC region as it has undergone a rigorous screening by the United States in renewal of its most-favored-nation (MFN) status, mainly over human rights issues.

Washington says it cannot technically make that assurance to China because of a Cold War-era law that requires annual renewal of the right of communist countries to MFN status.

Hashimoto said Japan notes China's stance but as the host country of the APEC dialogue still hopes for

Chinese cooperation to come to an agreement during the APEC talks in Osaka.

Hashimoto and Wu discussed bilateral trade and the two-day APEC ministerial talks to open Thursday in a 30-minute meeting after a round of informal talks among APEC foreign, trade and economic ministers.

Japan's Kono Speaks About APEC Meetings

OWI611051695 Internet MOFA APEC Official Home Page in English 16 Nov 95

[Speech by Yohei Kono, Japanese Minister of Foreign Affairs, at the Kansai Press Club in Osaka on 15 November]

[FBIS Transcribed Text] Thank you for this opportunity to explain some of my ideas to the Kansai media prior to the APEC Ministerial Meeting in Osaka.

The APEC Meetings in Osaka represent a historic and valuable opportunity for Japan to promote regional cooperation in the region, and it may well be said that ensuring their success is one of the most important tasks of Japanese diplomacy this year.

Even though certain factors require close attention, among them the situation on the Korean Peninsula and the future of great powers, such as China and Russia, in the region, the Asia-Pacific region today after the Cold War shows bright signs, particularly the settlement of conflict in Cambodia and Viet Nam's recent normalization of diplomatic relations with the United States and its admission to ASEAN. Against the background of the region's political and social stability, trade and investment within the region are expanding, and multilateral, interdependent relationships are developing in a dynamic fashion. In the midst of this progress, it has become even more important that we strengthen cooperative efforts in the Asia-Pacific, an integral region exhibiting remarkable growth, and that we promote even greater levels of stability in the region. This will contribute to the stability and prosperity of the entire world, and it is also important as we advance Japan's national interests over the medium to long term.

The main thrust of Japan's regional cooperation with the Asia-Pacific in the economic sphere focuses on APEC. As its very name, "Asia Pacific Economic Cooperation," indicates, the 18-member APEC is a framework whose goal is sustainable economic growth in the Asia-Pacific region achieved through mutual cooperation among all member economies, or, in more concrete terms, through the liberalization and facilitation of trade and investment and through economic and technical cooperation. Achieving a free and open market through cooperation within APEC—an extensive region holding great

potential—will bring great economic benefits for all members, including Japan. Furthermore, if regional co-operation in the Asia-Pacific expands, this will establish a strong base for the enjoyment of common benefits among Japan and its major partners, particularly the United States, China, the Republic of Korea, and the countries of ASEAN, and this will enhance mutual trust and foster a sense of community within the region.

APEC: Its Special Characteristics and Significance

Next I would like to discuss APEC's special characteristics and its significance.

Firstly, APEC represents the first-ever inter-governmental framework of regional cooperation in which much of the entire region of the Asia-Pacific is joined. APEC members enjoy the greatest economic growth, and as such form a region that is the focus of world attention. I am convinced that efforts taken to further strengthen the cooperative ties among members of the region will contribute significantly to greater prosperity for the people of the region and will thus boost economic growth in the entire world.

APEC's second special characteristic is seen in the fact that it is a loose forum for consultations and cooperation. APEC is composed of members who are extremely diverse politically, economically and socially, and their levels of economic development and degrees to which trade and investment have been liberalized are widely different. For example, we have populations ranging from China's 1.2 billion to Brunei's 260,000, and we have per-capita GNP from Japan's US\$31,000 to China's approximately US\$500. And given this vast diversity, it would not be practical to look for a legalistic framework imposing rights and obligations on all members in a uniform fashion.

The third special feature of APEC I would like to touch upon is the fact that it has, since its inception, stood out from other types of regional frameworks, classified as customs unions and free trade areas, such as the EU and NAFTA, by embracing the ideal of "open regional cooperation." This type of cooperation proceeds on the premise of non-discrimination both within and without the region. It is not only consistent with the multilateral free trade system but is also effective in complementing and strengthening it.

Endowed with these unique characteristics, APEC has made notable advances in recent years. This is so, I believe, because Asia-Pacific countries and regions—indicative of the confidence they have developed in recent years during an era of remarkable economic growth—are now rapidly moving forward to open their

markets, deregulate, privatize, and foster cutting-edge industries.

Per-capita income in Hong Kong and Singapore is now very close to that in Japan, and the economies of Chinese Taipei, the Republic of Korea, and the countries of ASEAN are growing remarkably. Asia now has many people doing business vigorously in fluent English with the countries of Europe and North America. Asian countries have indeed reached a high stage of internationalization. It is these economic realities which have made it possible for cooperative efforts within APEC to promote open regional cooperation.

One sometimes hears debate in some quarters in Japan over whether we should choose Asia or the United States; but if we consider these realities exhibited by the Asia-Pacific region, we see that such a question is completely meaningless.

Japan's Policies in the Context of the APEC Meetings in Osaka

Next I would like to discuss the significance of the upcoming Osaka meetings and Japan's policies seen in the context of the meetings.

First of all, the Economic Leaders' Declaration adopted in Bogor last year expresses the political will to achieve free and open trade and investment no later than 2010 for industrialized economies and 2020 for developing economies. The most important task of the Osaka meetings is to formulate an Action Agenda to translate this will into more operative form. In adopting the Action Agenda, APEC will move from "concept" to "action." Japan is determined to fulfill its responsibilities as Chair in the drafting of the Action Agenda. This is important not only from the viewpoint of Japan's economic development but also in terms of providing the peoples of the Asia-Pacific with concrete guidelines for cooperation and economic development over the medium to long term.

The priority in this Action Agenda is on measures that further encourage the vigorous business activities in the region, and it intends to promote, in addition to liberalization measures in the narrow sense of the term such as tariff reduction and the removal of non-tariff barriers, the simplification and harmonization of customs procedures of all members within the region, the alignment of product standards with international standards, the liberalization of investment, expediting the movement of business people, and other such facilitation measures.

Japan is not opposed to the comprehensive coverage of sectors in liberalization. However, with regard to the

liberalization of certain sectors, such as Japan's agriculture, in which members may experience difficulties, we believe that it is important that a realistic and flexible approach be available, and we have been emphasizing this point.

As Chair this year, Japan is working hard to draft a substantive Action Agenda, and I am convinced that we will be able, in the end, to arrive at an Action Agenda which all APEC leaders will be proud of.

Secondly, economic and technical cooperation is important as a means to further encourage economic activities within the region by reducing economic disparities within the region and alleviating bottlenecks to economic growth. Addressing these disparities will also make it easier to achieve liberalization and facilitation of trade and investment. APEC has, since its establishment, been implementing concrete projects in the field of economic and technical cooperation, and I believe that economic and technical cooperation should continue to be recognized as one of the three pillars of APEC activities, along with trade and investment liberalization and their facilitation. In the APEC region, it has become important that assistance be provided not vertically from developed to developing economies as in the conventional sense but horizontally, with members offering each other capital, technology, and know-how, and thereby helping each other. This is why Japan is proposing a mechanism called Partners for Progress (PPP). PPP takes as its fundamental principles the mutual support among and the voluntary actions of all members, and promotes, in a more efficient manner, economic and technical cooperation within APEC. We have every expectation that PPP will be adopted formally in the upcoming Osaka meetings. For the time being, Japan is considering the use of this PPP mechanism to implement human resources development projects in sectors contributing to the liberalization and facilitation of trade and investment—especially standards and conformance, industrial property rights, and competition policies.

Thirdly, in order to demonstrate their strong determination to proceed with liberalization, each member is expected to report in Osaka on the biggest package of specific measures it can now take for liberalization and facilitation. As Chair, Japan will take the initiative in presenting its substantive Initial Actions, such as acceleration of the Uruguay Round commitments and deregulation.

Liberalization under APEC does not proceed through negotiation but is based on voluntarism. However, if actions are taken by members only in a voluntary manner, APEC's integration and orientation can become

blurred. For this reason, APEC members decide upon common principles and guidelines within the Action Agenda beforehand, then follow these while pushing forward with voluntary liberalization in a concerted way and taking collective actions within APEC as a whole. This can be called the "Asia-Pacific Way." It is a unique way, and it is adopted because of what I referred to as APEC's being a loose forum and because of the diverse nature of APEC's members. This Asia-Pacific Way will bring success to liberalization efforts and, if adopted in other parts of the world, would be a great achievement for APEC.

A Message to the People of Osaka

From all of this, we can say that development in APEC has been possible in good measure because of the dynamic expansion of cross-border activities, in light of the realities created by the global activities of Asia-Pacific business people. From this we can gather that the prime movers within APEC are, together with governments, the private sector and local communities. In the same vein as the growth triangle centering on Singapore, Johore in Malaysia, and Riau in Indonesia, we can see examples where regions are joined to other regions across borders, enabling the free movement of people, goods, capital, and information and resulting in economic development. Exchanges tying regions together contribute to the feeling of integration as an Asia-Pacific community.

Turning now to Japan, the strength of the Kansai economic area is now said to equal the GDP of Canada, and the opening of the New Kansai International Airport is greatly stimulating economic exchanges with the Asia-Pacific region. Kansai has long had a history of promoting exchanges with the Asian region. The upcoming APEC Meetings in Osaka represent the first summit meetings to be held in Japan outside of Tokyo. The holding of the APEC Meetings in Osaka has symbolic significance that will translate into the further deepening of economic ties between Kansai and the Asia-Pacific region. I know that for many years it has been the custom of the Kansai economic community to let the private sector blossom as much as possible. This tradition closely matches APEC's basic concepts. I am convinced that APEC's further development will lead to greater prosperity for the Kansai economic area.

In addition, holding the meetings in Osaka will result in foreign leaders, dignitaries, and many other people coming to visit, thereby providing an opportunity for Kansai, as the center of Japanese traditional culture, and for the great metropolis of Osaka, as a center of commerce which has flourished for so long, to make a favorable impression on the rest of the world.

I would like to take this occasion to express my heartfelt gratitude to the many people, including volunteers, who have willingly given of their energy and labor to ensure the success of the upcoming APEC Meetings in Osaka. And finally, let me tell you of the deep respect and admiration I feel after seeing how the people of this region have combined forces to strive so hard to recover after the terrible tragedy caused by the Great Hanshin/Awaji Earthquake at the beginning of this year. I trust that the APEC Meetings in Osaka will provide an opportunity for reconstruction of the affected areas and for further development. Thank you.

Japan Attempts To Break APEC Deadlock

BK1611065895 Bangkok BANGKOK POST
in English 16 Nov 95 p 10

[Report by Somphon Thapphanachai, Nutsara Thaithawat, Wichit Sirithawiphon, and Peter Maitri Ungphakon]

[FBIS Transcribed Text] Osaka — Officials failed yesterday to break the deadlock over three proposed principles for freer trade and investment among Asia-Pacific Economic Cooperation countries.

Japan, this year's APEC host and chairman, was forced to step in and submit a compromise draft for the group's ministers to consider today.

Japanese Foreign Ministry spokesman Hiroshi Hashimoto said the most serious dispute is about "non-discrimination" whether United States automatically has to extend to China and concessions it grants to other APEC members.

But Kopsak Chutikun, director-general of the Foreign Ministry's Economics Department, said the prospects of this issue being settled appear to be good.

He said US Trade Representative Mickey Kantor arrived in Osaka yesterday, looking at nine proposed principles as a package that looked acceptable. Mr Kopsak attributed the failure of officials to agree to the fact that they were concentrating on each issue separately.

Mr Koho has been giving a daily assessment of the odds in favour of an agreement by the end of the APEC informal summit on Sunday, said last night odds had improved from 70:30 on Tuesday to 95:5.

Washington says it is unable to put on paper a commitment not to discriminate against China, because US law requires trade concessions granted to China to be reviewed annually. China is unwilling to be part of a trade liberalising deal that leaves open the possibility of discrimination.

Officials working in separate groups had been trying since Tuesday to find a compromise to this and three other disputes.

One has been settled: Whether a passage in the draft "Action Agenda" dealing with competition policy should specify the objective of reducing anti-dumping actions seen as a form of protectionism in disguise.

Mr Kopsak said the revised text was worded in a way it did not refer directly to antidumping, meeting the objective of the United States. But new, vaguer phrases could be interpreted as referring to anti-dumping, apparently satisfying China and other Asian countries whose exports are targets of antidumping actions.

One of the other remaining controversies concerns a proposal that liberalisation should cover all sectors without exception. Japan, which faces political difficulty if it allows more imports, has dropped its objection to this proposed principle.

But South Korea and China still want a loophole that would allow them to protect agriculture. It was unclear last night whether either of them had accepted the latest proposed compromise.

The third remaining controversy concerns a proposal that would require liberalisation measures introduced by various countries to be of comparable impact. This has proved sensitive because Malaysia and a number of other Asian countries fear that too much emphasis on comparing different members' actions would APEC from a consultative group to a negotiating forum.

The formal ministers' meeting begins today.

Last night ministers held informal after-dinner discussions that covered organisational issues such as proposals not to continue for the time being with the advisory "Eminent Persons Group", to set up a private sector advisory council and criteria for allowing non-member countries to participate in APEC's working groups on customs procedures, human resource development, telecommunications and other technical matters.

The Japanese spokesman said ministers expressed different opinions on all of these and decisions will be left until tomorrow's formal ministerial session.

Demand For Flexibility Viewed

OW1611044495 Tokyo KYODO in English
0416 GMT 16 Nov 95

[By Siti Rahill]

[FBIS Transcribed Text] Osaka, Nov. 16 KYODO — Japan has presented to the ministers of the Asia-Pacific Economic Cooperation (APEC) forum a revised final

draft of the "action agenda" which incorporates indirect wording in reference to agriculture, in an eleventh hour attempt to break an impasse concerning procedures to liberalize trade and investment in the Asia-Pacific region.

In the draft action agenda which was presented Wednesday evening to the informal meeting of APEC trade and foreign ministers, a statement explaining that flexibility will be available "to deal with any issues arising from such circumstances" was inserted in regard to the principle of economic sector "diversity."

This revised text was inserted at the insistence of South Korea, one of the APEC economies, which foresees difficulty in opening up its politically sensitive agricultural sector.

APEC official sources said the modified text, which could be interpreted as referring to agriculture, was agreed upon at the last minute, during a special senior officials' meeting prior to an informal ministerial meeting Wednesday evening.

The principle of diversity previously had the heading of "divergent conditions of APEC economies and economic sectors" and included references to "allowing differential treatment of economic sectors" and "taking into account the sectoral specificity in each APEC economy."

The expression "sectoral specificity" has been used in the Uruguay Round agreement to mean the agricultural sector.

But the expression has been deleted in the course of senior official level discussions in Osaka because of opposition from the Western industrialized member economies, such as the United States and Australia, which are concerned that this would allow countries such as Japan, South Korea, China and Taiwan to exclude agriculture from liberalization moves.

The draft also contains two options for the "comparability" principle while the principle of "nondiscrimination," regarded as the most contentious issue due to a disagreement between the U.S. and China, was left blank.

The sources said APEC ministers will try to resolve these remaining issues on the first day of the ministerial meeting Thursday, with success or failure hinging on Japanese International Trade and Industry Minister Ryutaro Hashimoto's ability to forge a compromise solution between the two sides.

On the principle of nondiscrimination, Japan has proposed the expression that "the outcome of trade and investment liberalization in the Asia-Pacific region will be the actual reduction of barriers not only among APEC

economies but also between APEC economies and non-APEC economies."

The U.S. is more or less willing to accept Japan's proposal although China is still insisting that a term implying nondiscrimination among APEC members should be included, underscoring China's apparent strategy of using APEC as a vehicle through which to obtain unconditional "most-favored-nation" trading status.

Concerning the comparability principle, the first textual option, posed by Japan, is that "APEC economies will ensure overall comparability taking into consideration the levels of economic development and liberalization and facilitation."

The second option contains the expression "mutually beneficial liberalization and facilitation," which is preferred by the developing member economies.

President Clinton's Cancellation of Trip Viewed

OW1611053095 Tokyo NHK General Television Network in Japanese 0306 GMT 16 Nov 95

[Announcer-read report; from the "NHK News" program]

[FBIS Translated Text] Prime Minister Tomiichi Murayama, who received a direct phone call from U.S. President Bill Clinton on the latter's cancellation of his visit to Japan, told the President: I am very sorry to hear that. I am sure you have a difficult situation there with your internal problems, but I would like for you to boldly handle the situation. I wish to work together for the realization of a visit to Japan soon. As for the joint Japanese-U.S. statement on which work is currently being done, we would like to have it issued during your visit.

Clinton agreed with Murayama on this.

Meanwhile, Chief Cabinet Secretary Koken Nosaka, in a news conference on Thursday morning, said that, regarding a Japanese-U.S. consultative body to discuss Okinawa's military base issues, the panel will be set up as scheduled after confirming matters with U.S. Vice President Al Gore, who will visit Japan in place of Clinton.

[Begin Nosaka recording] The special action committee, on which discussions have been conducted among U.S. Defense Secretary William Perry, Foreign Minister Yohei Kono, and Seishiro Eto, director general of the Defense Agency, has already been confirmed as a matter of fact with the prime minister's acknowledgement. Therefore, the special action committee will be inaugurated following confirmation of matters with Vice President Gore. [end recording]

Moreover, regarding the possible impact of Clinton's cancellation of his visit to Japan on Okinawa's military base issues, Nosaka said that he did not feel the cancellation would cause any problems and efforts would have to be made to ensure that this will not happen.

Meanwhile, Okinawa Governor Masahide Ota made the following comments in regard to Clinton's cancellation of his Japan visit:

[Begin Ota recording] I do regret that something we were worried about has actually happened. It is not clear yet whether Vice President Gore will hold talks with Prime Minister Murayama in place of President Clinton, or if the President will visit Japan at a latter date to reschedule summit talks. Nevertheless, I believe the prefectural government, for its part, will coordinate with the Chief Cabinet Secretariat to determine how we should handle the matter. [end recording]

Japan 'Deeply Deplores' 'News'

OW1611060695 Tokyo KYODO in English
0531 GMT 16 Nov 95

[FBIS Transcribed Text] Osaka, Nov. 16 KYODO — Japanese leaders, trying to minimize the damage from U.S. President Bill Clinton's cancellation of his Japan trip, said Thursday they are optimistic about a successful outcome to the ongoing Asia-Pacific Economic Cooperation (APEC) talks in Osaka.

International Trade and Industry Minister Ryutaro Hashimoto said Clinton's decision "is not good news at all for Japan-U.S. relations."

"We are looking forward to substantive talks to limit the adverse effect to a minimum," Hashimoto told reporters.

"Regarding APEC, there will be no adverse effect on the adoption of the action agenda and I am optimistic," Hashimoto said.

He said APEC ministers accepted the U.S. decision to send Vice President Al Gore to Sunday's informal APEC summit in Clinton's place.

Hashimoto, president of the Liberal Democratic Party (LDP), said the budget impasse is the only reason behind Clinton's decision to cancel his visit to Japan.

But Foreign Minister Yohei Kono said the Japanese Government deeply deplores the cancellation of Monday's summit meeting in Tokyo between Prime Minister Tomiichi Murayama and Clinton.

He said Murayama will talk with Gore about Okinawa and other key issues. "We would like to handle the Okinawan problem without a delay," he added.

Evans Sees No Effect on APEC

BK1611060795 Melbourne Radio Australia
in English 0500 GMT 16 Nov 95

[FBIS Transcribed Excerpt] The United States has reaffirmed its commitment to Asia Pacific Economic Cooperation forum, APEC, after President Clinton cancelled plans to attend the APEC summit in Osaka, Japan, because of the budget crisis in Congress. [passage omitted]

Australian Foreign Minister Gareth Evans says the outcome of the APEC summit will not be affected by the absence of President Clinton. Senator Evans says that despite the bizarre budget circumstances which have kept Mr. Clinton away, America remains committed to APEC.

[Begin Evans recording] It is obviously disappointing that domestic dramas in the United States have made it impossible for President Clinton to be here. I know he was absolutely determined to try and make it, and it is only at the last possible minute with the further turn of the wheel in the United States on the budget issue that they finally very regrettably made the decision not to come. But Vice President Gore will be here. There is a full hand of major cabinet-ministers from the United States and there is absolutely no doubt about the commitment of the U.S. to this process.

Everybody here understands that these are rather bizarre domestic circumstances that produced this result. There is no absence of will on the part of the U.S. [end recording]

Secretary Christopher Arrives for APEC Meeting

OW1611035995 Tokyo KYODO in English
0353 GMT 16 Nov 95

[FBIS Transcribed Text] Osaka, Nov. 16 KYODO — U.S. Secretary of State Warren Christopher arrived at Osaka's Kansai International Airport on Thursday morning to attend a ministerial meeting of the Asia-Pacific Economic Cooperation (APEC) forum that starts Thursday and lasts for two days.

A U.S. Government source said Christopher will cut short his scheduled visit to Japan and leave for the United States on Friday afternoon, following the APEC meeting and a foreign ministerial meeting among Japan, South Korea and the U.S.

Christopher was scheduled to stay in Japan until Monday, together with U.S. President Bill Clinton, whose trip to Japan scheduled for this weekend was cancelled Wednesday due to the U.S. federal budget impasse.

Christopher's shortened schedule may also be linked to ongoing Bosnian peace negotiations now in progress in

Dayton, Ohio, which are expected to produce a peace deal within a few days.

PRC's Qian Says Nondiscrimination Row Resolved

OW1611083695 Tokyo KYODO in English

0816 GMT 16 Nov 95

[FBIS Transcribed Text] Osaka, Nov. 16 KYODO — China has reached an agreement with the United States on the problem of nondiscrimination among the 18 members of the Asia-Pacific Economic Cooperation (APEC) forum, Chinese Foreign Minister Qian Qichen said Thursday.

"Today I am happy to tell you that the two countries reached an agreement in our consultations. So we are not divided any more on the action agenda, which is going to be adopted smoothly," Qian told reporters at the outset of his meeting with U.S. Secretary of State Warren Christopher.

Beijing and Washington have been at odds over whether to include the nondiscrimination principle in the action agenda to guarantee most-favored-nation (MFN) treatment within the APEC members.

China, which faces strict screening by the U.S. for the annual renewal of its MFN trade status mainly due to human rights problems, is calling for that principle to be included in the action agenda.

The action agenda, which is to give a blueprint for trade and investment liberalization in the Asia-Pacific area, will be endorsed by the leaders of the APEC forum on Sunday.

Also at the joint press conference before starting the bilateral talks, Christopher said the U.S. "strongly supports China's accession" to the World Trade Organization "at the earliest possible time."

"And we will continue to work with China to ensure that its accession takes place on an appropriate basis," Christopher said.

Evans: APEC Action Agenda 'Virtually Settled'

OW1611055395 Tokyo KYODO in English

0522 GMT 16 Nov 95

[FBIS Transcribed Text] Osaka, Nov. 16 KYODO — Ministers of the Asia-Pacific Economic Cooperation (APEC) forum virtually settled by Thursday the text of their action agenda proposal for an unofficial summit meeting Sunday, Australian Foreign Minister Gareth Evans said.

"On...the big issues of comprehensiveness, comparability and nondiscrimination, the text is settled," Evans told reporters shortly after noon in Osaka, western Japan,

where he and other ministers from the 18-member APEC are meeting Thursday through Friday.

Evans, however, said "one or two countries might" still disapprove of a few points of the text.

"There had to be a language resolving the problem of nondiscrimination as between the United States and China in a way that didn't cause problems for China, particularly, with the rest of the text. That's been resolved last night."

He said, "it's absolutely critical, obviously, not to have any direct language excluding agriculture, or any indirect language."

The ministers have got a resolution on this point also, according to Evans.

APEC "understands" the absence of U.S. President Bill Clinton at the Osaka meeting because he has "very special circumstances" back in the U.S., he said.

The Osaka meeting aims at mapping out ways to liberalize trade and investment in the region by 2010 for developed members and 2020 for developing partners.

Evans also said it would be premature for APEC to have a security dimension.

If APEC begins talking about the economic and security issues together, there will be "all sorts of difficulties in keeping the organizational coherence," especially over issues surrounding China and Taiwan, he said.

U.S. Secretary of Defense William Perry has reportedly proposed that APEC discuss security issues.

APEC Ministers Formally Begin Annual Talks

OW1611004795 Tokyo KYODO in English

0025 GMT 16 Nov 95

[FBIS Transcribed Text] Osaka, Nov. 16 KYODO — Foreign and trade ministers from the Asia-Pacific Economic Cooperation (APEC) forum kicked off a formal annual gathering in Osaka on Thursday, looking for ways to reconcile differences over pending issues as a means to make APEC leaders' trade-liberalizing commitments in Bogor a reality.

The ministers from the 18 economies in the Asia-Pacific rim, an area responsible for nearly half of global trade, gathered in the city known as Japan's commercial hub as a prelude to the third informal APEC summit on Sunday.

Their task is to craft the action agenda to achieve the Bogor Declaration's trade liberalization goal in the region by 2020.

They are working on key issues left unsettled despite nearly 10 months of working-level talks under the APEC Japan round that began in February, such as "nondiscrimination" and "comparability."

An APEC ministerial source said the ministers are considering a proposal to drop the principle of nondiscrimination from APEC's action agenda, leaving the matter to be handled by Japan, this year's APEC chair, to the ministers during their informal talks Wednesday evening, leaves the section on the thorny issue blank. [sentence as received]

That proposal is acceptable to several members, including the six members of the Association of Southeast Asian Nations, said the source.

The dispute over the nondiscrimination principle is basically a confrontation between Washington and Beijing over whether most-favored-nation (MFN) treatment should be guaranteed within the APEC area.

Beijing is demanding that principle be included in the forum's action agenda. But Washington cannot technically give China such an assurance because of a U.S. domestic provision introduced during the Cold-War era that requires annual renewal of the right of communist countries to MFN status.

Beijing is eager to establish the rule as it has undergone a rigorous screening by the U.S. in annual MFN renewals.

Another problem is the issue of so-called "comparability" between APEC members, which is the question of to what extent each APEC member should seek reciprocity in implementing certain trade liberalization steps.

The APEC ministerial source said the latest draft action agenda proposes two options on the language to be used in mentioning the comparability principle.

Another issue is whether or not APEC accords should be applied to all industrial sectors, including sensitive areas such as agriculture, in a comprehensive manner.

All APEC economies support the "comprehensive" principle but Japan and three other members — China, Taiwan and South Korea — want the element of "flexibility" in the principle's enforcement.

Japan recently offered a compromise proposal and this was well received by the APEC members, indicating that the issue is near solution.

Apart from solutions to these outstanding issues, the APEC ministers will also seek to establish what course the regional forum should take toward the 2020 free trade deadline decided under the Bogor Declaration.

According to a draft joint statement prepared for the ministerial meeting, it is expected to stress the importance of the action agenda in providing a blueprint for APEC's growth.

The ministers are expected to release their joint statement Friday.

APEC comprises Australia, Canada, Chile, China, Hong Kong, Japan, Mexico, Papua New Guinea, New Zealand, South Korea, Taiwan, the U.S. and six of the seven members of the Association of Southeast Asian Nations — Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand. The remaining ASEAN member, Vietnam, is not an APEC member.

Japan's Hashimoto Speaks

OW1611034495 Tokyo KYODO in English
0326 GMT 16 Nov 95

[FBIS Transcribed Excerpt] Osaka, Nov. 16 KYODO — International Trade and Industry Minister Ryutaro Hashimoto called on foreign and trade ministers from members of the Asia-Pacific Economic Cooperation (APEC) forum Thursday to aggressively pursue free trade and investment in the economically dynamic region.

Hashimoto said in his speech at the outset of the two-day APEC ministerial meeting at an Osaka hotel that both developed and developing countries in the region equally share "the determination for self-improvement."

"Along with our collective actions, Asia-Pacific cooperation demands that we have some kind of framework enabling these self-driven initiatives to have maximum impact and to achieve tangible results," he said.

"This is a unique effort, but conditions are now right for it and I am confident that we can look forward to great results," he said.

Hashimoto, however, skirted the key issue of agricultural trade in his opening remarks. Host Japan, along with China, Taiwan and South Korea are not enthusiastic about fully opening their markets to foreign rice and other agricultural products.

Conference participants said they will try during the Osaka ministerial to iron out agricultural and other issues, including a "nondiscrimination" clause in the proposed action agenda aimed at implementing trade-liberalizing commitments made in Bogor, Indonesia, last year.

The ministers from the 18 economies of the Asia-Pacific Rim, an area generating nearly half of global trade, gathered in the city known as Japan's commercial hub as a prelude to the third informal APEC summit Sunday.

The U.S. federal budget crisis forced U.S. President Bill Clinton to cancel his planned trip to Japan, and Vice President Al Gore is coming in his place.

The APEC ministers have to craft the action agenda to achieve the Bogor Declaration's trade liberalization goal in the region by 2020.

Hartarto, Indonesia's coordinating minister for industries and trade, said the APEC process is evolving into "a vehicle for cooperation as well as an instrument for the liberalization and facilitation of trade and investment."

Speaking in his capacity as immediate past chairman of the APEC ministerial dialogue, "The basic task before us now is to begin implementation of the decisions reached last year at Bogor."

They are working on key issues left unsettled despite nearly 10 months of working-level talks under the APEC Japan round that began in February, such as "nondiscrimination" and "comparability."

An APEC ministerial source said the ministers are considering a proposal to drop the principle of nondiscrimination from APEC's action agenda, leaving the matter to be handled by the United States and China.

U.S. and Chinese officials held bilateral talks on the matter Wednesday.

The source said the latest draft of the action agenda distributed by Japan, this year's APEC chair, to the ministers during their informal talks Wednesday evening, leaves the section on the thorny issue blank. [passage omitted]

Kono Favors Consensus Approach

*OW1611085595 Tokyo KYODO in English
0830 GMT 16 Nov 95*

[FBIS Transcribed Text] Osaka, Nov. 16 KYODO — Foreign Minister Yohei Kono stressed a consensus-oriented approach Thursday [16 November] for successful compilation of the action agenda for free trade and investment in the Asia-Pacific region, saying an "excessively negotiation-like framework" is not suitable for the APEC forum.

Kono, on the opening day of a two-day Asia-Pacific Economic Cooperation (APEC) ministerial meeting, said flexibility is the key to the APEC process's success in Osaka.

"I would like to make it very clear that Japan supports the principle that the APEC liberalization and facilitation process should address all sectors and measures," he said. "It is realistic that flexibility will be available in the liberalization and facilitation process."

"I believe that all APEC members realize this, and acknowledging this clearly enhances the credibility of the action agenda," Kono said.

"I am of the view that flexibility will be available not only with regard to the pace but also the ways, modalities and so forth of liberalization and facilitation," he said.

In his remarks, Kono also said Japan supports "voluntary" liberalization steps by APEC members "based upon shared responsibility as well as mutual trust."

As reported earlier by other APEC ministers, Kono told the ministerial meeting at an Osaka hotel that the 18 APEC members have reached "a consensus" on the principle of nondiscrimination with respect to relations with non-APEC member countries.

Indonesian Minister Addresses Meeting

BK1611124795 Jakarta Radio Republik Indonesia Network in Indonesian 0700 GMT 16 Nov 95

[FBIS Translated Excerpt] The 18-member ministerial level meeting of the Asia-Pacific Economic Cooperation, or APEC, opened this morning in Osaka, Japan. It began, regrettably, with news of U.S. President Bill Clinton's absence at the upcoming 19 November APEC summit.

Radio Republic of Indonesia correspondents Kabul Budiono and Ahmad Murshid report from Osaka, Japan via PT Indosat's Indonesia Direct facilities.

[Begin recording] [Passage omitted on Japanese foreign minister's address at opening of APEC ministerial level conference] Meanwhile, Hartarto, Indonesian coordinating minister for trade and industry and the 1994 APEC conference leader, delivered his address at the APEC ministerial level meeting. Indonesia reminded the meeting that the failure of the Osaka summit would not only have an impact on the Asia-Pacific regional countries' credibility, but also on the efforts to improve the people's well-being. Coordinating Minister Hartarto, who spoke in his capacity as the 1994 APEC chairman, made the statement when he delivered his address at the opening of the APEC meeting in Osaka this morning.

The Japanese Foreign Ministry spokesman said that Indonesia warmly welcomed Japan's proposal on the cooperation mechanism among APEC member countries. Japanese Foreign Minister Yohei Kono proposed a method of cooperation called Partners for Progress [preceding three words in English]. This is a form of feasible cooperation whereby developing nations will receive assistance from their developed counterparts.

Speaking in his capacity as chairman of the 1994 APEC summit, Minister Hartarto stressed the importance of joint efforts in conducting discussions regarding the planning of the action agenda that has been discussed by the senior officials.

The Japanese Foreign Ministry spokesman expressed confidence that Japan, as host, will be able to conduct the talks and achieve a positive outcome.

Speaking in his capacity as the Indonesian delegation leader, Hartarto expressed his confidence that differences of opinion brought up during the senior officials meeting can be solved during the two-day ministerial level meeting. [passage omitted on Warren Christopher's itinerary] [end recording]

Progress Reported in KEDO-DPRK Talks

OWI511135395 Tokyo KYODO in English
1113 GMT 15 Nov 95

[FBIS Transcribed Text] Tokyo, Nov. 15 KYODO — Negotiations between North Korea and an international consortium have made progress on an agreement concerning the provision of modern nuclear power reactors to Pyongyang, informed sources said Wednesday [15 November].

Progress came in sight as North Korea has in effect withdrawn some previous requests, paving the way for an early accord in the talks, the sources said.

North Korea has radically changed its requests to the Korean Peninsula Energy Development Organization (KEDO) over modernization of the country's power transmission network and easing of financial burdens for the reactor project, the sources said.

Pyongyang's move has been motivated by its desire to strike a deal on the project as early as possible, they said.

Delegates from Japan, South Korea and the United States, the main partners in KEDO, began talks with North Korea on Oct. 16 in New York on infrastructure and how Pyongyang should repay the cost of light-water reactors to be provided by the consortium.

The U.S. agreed in October last year to help supply North Korea with two light-water reactors in exchange for a freeze on Pyongyang's nuclear program, which Washington said was targeted at developing nuclear arms.

Aside from the reactors worth about 4 billion dollars, North Korea has asked KEDO to pay for building

of roads, power transmission lines and port facilities, which negotiation sources estimate to be worth between 500 million and 1 billion dollars.

Indonesian Minister Attends Biodiversity Meeting

BK1511142495 Jakarta ANTARA in Indonesian
1502 GMT 14 Nov 95

[FBIS Translated Excerpt] Jakarta, 14 Nov (ANTARA) — Jamaludin Suryohadikusumo, head of the Indonesian delegation to the second conference of the biodiversity convention in Jakarta, said that Indonesia supports the establishment of a working group aimed at formulating a biosafety protocol.

"We support the establishment of a working group aimed at formulating a biosafety protocol," Jamaludin, who is also Indonesian forestry minister, said in Jakarta on Tuesday.

The minister said existing regulations on biotechnology activities have several shortcomings, including a failure to identify the dangers of biotechnology and an absence of risk calculation and management.

He added that the issues of the cross border transfer of modified living organisms, conservation efforts, and the continued utilization of biodiversity have not been discussed frequently. For this reason, Indonesia supports the establishment of a working group aimed at developing a biosafety protocol. Due to the importance of a protocol on the safe transfer of modified living organisms, Indonesia wants to reiterate that biotechnology can have a positive impact on human lives only if there is a safe method for its development.

On the biodiversity issue, there have been debates on the safe transfer of modified living organism, especially from developed countries with high-level technology to the recipient developing countries.

Until now, there has been no guarantee that modified living organism would be safe when released in their natural environment. Therefore, many developing countries have stressed the need to have a biosafety protocol that governs the transfer of such organisms.

On this occasion, Jamaludin also said that the issue of biodiversity is closely related to forest preservation. Indonesia, therefore, is proud of being the host for the International Forestry Center based in Bogor. [passage omitted]

Japan

Murayama, Gore 'Likely To Meet' on Base Issue

OW1611040495 Tokyo KYODO in English

0356 GMT 16 Nov 95

[FBIS Transcribed Text] Tokyo, Nov. 16 KYODO — Prime Minister Tomiichi Murayama is likely to meet U.S. Vice President Al Gore in Osaka this weekend to discuss a possible reduction of the U.S. military presence in Okinawa Prefecture, a government spokesman said Thursday [16 November].

Chief Cabinet Secretary Koken Nosaka told a news conference that the premier and Gore will reaffirm the establishment of a new forum to look into changes in the disposition of U.S. military bases in Okinawa, agreed upon between the two countries earlier this month.

Gore will be in Japan to attend the informal summit of the Asia-Pacific Economic Cooperation (APEC) forum in Osaka in place of President Bill Clinton, who was forced to cancel his trip to Japan due to a U.S. budget standoff which has shut down the federal government.

Murayama and Clinton were scheduled to hold a summit in Tokyo on Monday after a series of APEC top-level talks. They were also due to release a joint statement reaffirming the importance of the bilateral security system.

"The joint statement will not be issued until Clinton comes" to Japan, Nosaka said, adding the bilateral forum handling the issue of U.S. bases in Okinawa, southwestern Japan, will commence its activities after its establishment is formally endorsed.

Nosaka also said Murayama will meet again with Okinawa Gov. Masahide Ota on Nov. 24 as scheduled despite the U.S. President's cancellation of his Japan trip.

Originally, Murayama was expected to brief Ota on the outcome of his meeting with Clinton.

Although the summit was canceled, the premier will meet the prefectural governor for the second time in less than a month and tell him what action the government has taken to help reduce the U.S. presence in Okinawa in the future, Nosaka said.

Murayama had planned to tell Clinton that he would use his authority as premier to sign compulsory leasing orders for land in Okinawa used by the U.S. military to show Japan's desire to maintain bilateral security ties.

The Okinawa governor has refused to sign the orders because of outrage in the prefecture over the rape in September of a local schoolgirl, for which three U.S. servicemen are on trial.

Okinawa, some 1,600 kilometers southwest of Tokyo, is home to some 75 percent of U.S. military facilities in Japan.

The spokesman also said the cabinet will approve at its Friday meeting the establishment of a high-level consultative body between the state and prefectural governments to discuss a possible cut in U.S. bases.

The new forum's first meeting will be held Saturday, Nosaka said.

On the timing of Clinton's next Japan trip, he said, "we will make rearrangements so the visit can be realized as soon as possible."

Clinton Informs Murayama of Trip Cancellation

OW1611011495 Tokyo KYODO in English

0059 GMT 16 Nov 95

[FBIS Transcribed Text] Tokyo, Nov. 16 KYODO — U.S. President Bill Clinton informed Prime Minister Tomiichi Murayama by telephone on Thursday [16 November] of his decision to cancel his scheduled visit to Japan this week.

Murayama told reporters that he had accepted Clinton's decision.

Clinton said Vice President Al Gore will visit Japan in his place.

Clinton told Murayama that his visit to Japan had become impossible because of internal affairs and the cancellation is regrettable as he places great importance on the Asia-Pacific Economic Cooperation forum and relations with Japan.

Murayama told the U.S. President that Japan will proceed with procedures for an early visit to Japan by Clinton and that he wants to issue a joint statement when Clinton visits next time. Murayama and Clinton were to issue a joint statement at a scheduled summit in Tokyo on Monday.

Murayama told reporters, "I had hoped (Clinton) would visit and I expected to speak frankly and build future Japan-U.S. relations, considering (our current) relations and the role the Asia-Pacific Economic Cooperation forum is playing. It is very regrettable."

Murayama Expresses Disappointment

OW1611084495 Tokyo KYODO in English

0832 GMT 16 Nov 95

[FBIS Transcribed Text] Tokyo, Nov. 16 KYODO — Prime Minister Tomiichi Murayama on Thursday [16 November] expressed disappointment at U.S. President Bill Clinton's postponement of his state visit to Japan

scheduled for this weekend due to a domestic budget standoff.

"It is regrettable," the premier said in a brief exchange with reporters at his official residence.

"Mr. Clinton told me he also wanted to confer with me to make Japan-U.S. relations even closer," Murayama said, referring to his telephone conversation earlier in the day with the U.S. President over the cancellation of the trip.

Chief Cabinet Secretary Koken Nosaka told a news conference that Murayama will meet U.S. Vice President Al Gore, who will come to Japan in place of Clinton, though the schedule of their meeting has not been fixed yet.

The top government spokesman also brushed aside speculation that Clinton's cancellation of his trip reflects Washington's position of making light of its diplomatic ties with Tokyo.

Officials Express Regret

OW1611061295 Tokyo KYODO in English
0550 GMT 16 Nov 95

[FBIS Transcribed Text] Tokyo, Nov. 16 KYODO — Japanese officials expressed regret Thursday [16 November] at U.S. President Bill Clinton's cancellation of a planned trip to Japan this weekend, but security personnel took it positively.

"It's highly regrettable, but cannot be helped given that the cancellation was decided upon for reasons of the U.S. domestic situation," said Koichi Kato, a top policy-maker at the Liberal Democratic Party, the biggest group in the tripartite ruling coalition.

In remarks to reporters at the Diet, Kato downplayed the possibility of the cancellation affecting bilateral negotiations over the U.S. military presence in Okinawa, where about 75 percent of U.S. military facilities in Japan are located.

"This is a great disappointment. Needless to say, for Okinawa as well," said Kosuke Uehara, vice chairman of Prime Minister Tomiichi Murayama's Social Democratic Party (SDP) and a House of Representatives member elected from Okinawa, southwestern Japan.

Shigeru Ito, chief of an SDP panel on security affairs, called for an early meeting between Murayama and Clinton so as to help resolve issues resulting from the U.S. military presence in Okinawa.

"We must deal with the pending Okinawa issue so that the cancellation will not affect its resolution," Ito said.

Okinawa Gov. Masahide Ota expressed regret at the cancellation of Clinton's Japan visit, saying the people in Okinawa had pinned high hopes on the Murayama-Clinton meeting, at which the Okinawa issue would have been high on the agenda.

"I'm disappointed because we had high hopes. There will be some Okinawan people who will be discouraged," Ota told reporters.

"The issue of the bases is not an issue to be resolved in a day or two...," he said.

Okinawan residents have intensified calls for a reduction or removal of U.S. military bases since the rape of an Okinawan schoolgirl, for which three U.S. servicemen are on trial.

Ota has refused to sign documents needed for the compulsory leasing of land to the U.S. military.

Though many Japanese expressed regret at the cancellation of Clinton's visit, police officers mobilized for security in Osaka and elsewhere seemed happy to hear the news.

"With this our duty will be easier a bit," said a police officer sent from Miyagi Prefecture in northern Japan and assigned to Osaka's Kansai International Airport, the gateway for leaders from the 18-member Asia-Pacific Economic Cooperation (APEC) forum who are to attend APEC meetings in Osaka this week.

Governor Wants Better Terms for Returned Land

OW1611030795 Naha RYUKYU SHIMPO
in Japanese 13 Nov 95 Evening Edition p 1

[FBIS Translated Text] At a regular news conference on 13 November, Okinawa Governor Masahide Ota disclosed that the Okinawa Prefectural Government plans to call for the review of the "gunten tokuso ho" [law on special measures to promote the conversion of military land], because the central government and the ruling parties have already started preparations to revise the law.

On the term of payments to landowners after the land is returned, he said: "Some landowners call for extending the payment term to five years." Under the current law, landowners are to receive the payment for up to three years. He indicated that the prefectural government wants to extend the term to at least five years.

Regarding the fact that the subsidy rate for public works in the returned military land stays at the same level with the rate set by the Okinawa Development Law, he said: "The fiscal burden should not be imposed on local governments." He indicated an intention to call for an increase in the rate.

Secretary Perry Interviewed on Asian Security
OW1611033895 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 15 Nov 95 Morning Edition p 1

[By Takeshi Haruhara]

[FBIS Translated Text] Washington, 14 Nov — U.S. Secretary of Defense William Perry gave an interview to NIHON KEIZAI SHIMBUN on 13 November on issues related to Japan-U.S. security arrangements and Asia-Pacific regional security.

Perry said, "The Japan-U.S. security alliance is most important for deterring the PRC's military expansion." He also indicated that as a confidence-building measure, the United States would like to implement military exchanges among Japan, the United States and China in the future, such as regular consultations among military officers and exchange of information on defense plans.

He also pointed out that "the Asia-Pacific Economic Cooperation (APEC) forum can also become a venue of cooperation on security issues" and emphasized the need for a security organ for consultations in the Asian region.

Regarding U.S. Forces in Okinawa, Perry said, "We will deal with the relocation of (some) facilities to Honshu in a flexible manner." Also being considered are the early return of U.S. military facilities not included in the so-called 23 proposals and a review of military exercises, he revealed.

Perry explained that 100,000 U.S. troops in Asia, 47,000 of them in Japan, "is the minimum troop size required to deal with a military conflict on the Korean peninsula."

Furthermore, on the role of the U.S. forces' frontal deployment capability based on the Japan-U.S. security alliance, Perry pointed out that "without the U.S. military presence, an arms race will begin in Asia." He also said, "If Japan (abrogates the Japan-U.S. security treaty and) engages in rearmament, the PRC will participate in the arms race."

However, on U.S. relations with China, Perry said: "The U.S. policy is not to isolate China; both sides have to maintain contacts. To build mutual trust and increase transparency (of military budgets and plans), trilateral military exchanges are desirable." He thus indicated that after military exchanges start between the United States and China, Japan may be included.

As for the lack of a comprehensive security system in Asia, Perry pointed out: "It is possible to expand APEC into an organization to deal with security issues also and to make it a basis for mutual confidence-building measures." Perry also expressed an intention

to strengthen APEC functions using the "Partnership for Peace (PFP) Agreement" in Europe as a model.

Editorial on Reduction of Bases in Okinawa

OW1511132995 Naha OKINAWA TIMES in Japanese
13 Nov 95 Morning Edition p 5

[Editorial: "Reduction of Military Bases By 21st Century Urged"]

[FBIS Translated Text] Director General Eto Makes Inspection Tour of Bases on Okinawa

A meeting between U.S. President W. J. Clinton and Prime Minister Tomiichi Murayama, which will determine the future of Okinawa in the 21st century, is only one week away. The Japanese and the U.S. Governments' activities, which had slowed down for the time being, with respect to the Okinawan issue and military base situation are increasing again.

Defense Agency Director General Seishiro Eto, who came to Okinawa on 11 November on the pretext of a base inspection tour, met with Governor Masahide Ota at the prefectural government. After apologizing, at the beginning of the meeting, for the rape of a girl by U.S. servicemen, they exchanged views on the base issue. Eto repeatedly stressed the intention that "the entire cabinet will sincerely buckle down on the issues of reorganization, consolidation, and reduction of the bases while making the best use of the two new councils for Okinawan base issues." A plan to form the new councils was approved at a Japan-U.S. defense summit (held on 1 November) and Murayama-Ota talks (held on 4 November).

On the relocation of live-fire drills conducted across the Prefectural Highway 104, Eto explained his resolve to exert efforts for holding the training at several locations in mainland Japan, saying: "We will come up with a conclusion soon and ask relevant cities, towns, and villages to accept [live-fire exercises] it by all means."

At the same time, Eto also touched on the governor's refusal to undertake proxy signing of documents for forced use of land that will be used for military purposes, saying: "I hope that Prime Minister Murayama and Governor Ota will hold their second meeting and settle this issue." It is clear that he still kept lingering hopes that the governor would sign the lease documents.

In return, the governor explained that reorganization and reduction of the bases is an important task, and that people in Okinawa are irritated very much because the issue has not been settled as they wish. Moreover, the governor also explained the fact that there are 31 water and 15 aerial training areas, which are under the

jurisdiction of the U.S. forces, around Okinawa and that they are obstacles to economic development.

Among other things, the governor also referred to the issues of Futenma Air Station, which divides urban area into sections and is a major obstacle to regional development, and the Kadena Air Base naval apron adjacent to a residential area. He pointed out that local residents feel uneasy about possible dangers, including aircraft accidents, and aircraft noise. At the same time, he explained his hope that these issues will be settled by the new councils.

Although it was a short stay, Director General Eto made an inspection tour of the Futenma Air Station and Makiminato Supply Depot (Camp Kinser) by helicopter. He also met with Governor Ota and Maj. Gen. W. E. Rollings, who is a commander of the 3rd Marine Corps Expeditionary Force and the U.S. Marine Corps in Japan and concurrently a regional coordinator of the U.S. Forces in Japan. Eto returned to Tokyo on 12 November. However, we would like to pay attention to how he will reflect the inspection tour to Okinawa at the Japan-U.S. summit and on measures to deal with Okinawan issues.

Incidentally, the government plans to officially approve the formation of a new council at a 14 November cabinet meeting. The first meeting of the council is scheduled to be held on 20 November, the day the Japan-U.S. summit meeting will be held. So far, the government — although 11 ministries and agencies concerned, including the Ministry of Foreign Affairs, the Defense Agency, and the Okinawa Development Agency, formed a liaison council for Okinawan base issues — has not improved the situation in Okinawa.

Weight of 92 Percent

The Japan-U.S. Joint Council (JC), composed of representatives of the Japanese and the U.S. Governments, was formed as a general council for the settlement of base issues related to the Japan-U.S. Security Treaty. We are curious to know relations between the new councils — a council (special action program SAC), which will be formed between the Japanese and the U.S. Governments, and a council (Okinawa action program OAC) — and how they will function. Public opinion in Okinawa will harden more than before and Okinawan people will burst with anger should no visible result be made on the reduction of military bases although the councils are formed. A joint public opinion poll, conducted late last month by OKINAWA TIMES, ASAHI SHIMBUN, and Harris Poll (Lewis Harris Corp.) of the United States, shows that 92 percent (in Okinawan) and 90 percent (across the nation) of the people call for reduction and withdrawal of the military bases. As these

figures show, the consensus of Okinawan people supports the series of requests — including the four resolutions adopted at the prefectural people's rally held on 21 October, the 10-item demand Governor Ota submitted to Prime Minister Murayama for overall review of the Japan-U.S. Status of Forces Agreement, and the prefectural government's course of action program for the return of the military bases.

The Japanese Government consolidated major topics of discussion to pave the way for the Japan-U.S. summit talks. Among other things, the topics call for: 1) confirmation of the significance of the post-Cold War Japan-U.S. security system; 2) promotion of cooperation between the two countries for the settlement of Asia-Pacific and global issues, and 3) personnel exchanges, including acceptance of more American students who want to study in Japan. In addition to a joint statement on the significance of the security arrangements, it seems that the Japan-U.S. summit talks will also announce a statement on ideal cooperative ties for overall Japan-U.S. relations.

Meeting To Put Emphasis on Japan-U.S. Security Relations

It seems that the Japanese Government wants to make two points — [Japan's] new role in the Japan-U.S. security arrangements and contribution for peace in the Asia-Pacific region; and efforts for reorganization, consolidation, and reduction of military bases on Okinawa — pillars of the joint statement. It is said, however, that the government is hurriedly making final coordinations with the United States on whether "reduction" of the military bases, which Okinawan people call for, should be stipulated in the joint statement.

At the same time, the Japanese Government, by citing factors of instability such as tension on the Korean Peninsula and uncertainty of China's future, will explain [at the summit talks] the importance and the need of the Japan-U.S. Security Treaty even in the post-Cold War era.

Needless to say, the government will explain the importance of the security treaty on the precondition that the bases on Okinawa are needed. Such egoism on the part of the Japanese Government ignored the will of the Okinawan people and forced them to live with the vast military bases for 50 years. We lodge a strong protest against the government's move which was designed to continuously put the burden on Okinawan people.

Results of PHS Talks With U.S. Reviewed

OW1611093495 Tokyo NIHON KEIZAI SHIMBUN in Japanese 14 Nov 95 Morning Edition p 5

[FBIS Translated Text] Japan and the United States now face a new problem concerning "disclosure of technological standards" for the personal handy phone system (PHS) after the bilateral trade talks held at the end of October in Washington. The U.S. side brought up this issue, claiming that "information disclosure is not sufficient." This was revealed at a regular news conference on 13 November by Yoshio Utsumi, councilor in charge of general affairs of the Ministry of Posts and Telecommunications [MOPT]. Although he said Japan had refuted the U.S. view, noting "MOPT councils compiled the information and have disclosed them," this issue may become another source of trade friction between the two nations.

The bilateral PHS talks, where the U.S. side brought up the new subject, was launched because the United States complained that equipment procurement procedures in the PHS business by independent Nihon Telegraph and Telephone (NTT) subsidiaries are not covered by overseas procurement regulations formulated when NTT was still a public corporation. Since the PHS business is different from the business of NTT Data Communications, which branched out from the NTT parent company, the Japanese side claimed: "It is a newly founded business and the government has no reason to intervene." Therefore, the talks are deadlocked.

According to Utsumi, the United States claimed insufficiency in information disclosure for the PHS protocol. It seems that the U.S. side indicated that U.S. telecommunications firms are hindered in their advance into the Japanese market because of insufficient information disclosure.

However, outlines of such standards are usually decided at the advisory councils to the posts and telecommunications minister, including the Radio Regulatory Council and the Telecommunication Council, after examining several formula, and the councils then disclose the information. The Japanese side explained this procedure, and added there is no specific problem. Utsumi indicated that "this issue will be discussed again at the next round of the talks to be held within this year," after the U.S. side queries U.S. firms further on the details of the problem.

Australia Invited as Observer to Auto Talks

OW1511113195 Tokyo KYODO in English 0939 GMT 15 Nov 95

[FBIS Transcribed Text] Tokyo, Nov. 15 KYODO — Japan is inviting Australia as an observer to annual talks

with the United States based on the bilateral auto trade agreement, officials of the Ministry of International Trade and Industry said Wednesday [15 November].

The annual talks were originally scheduled to be held on a bilateral basis. But Tokyo and Washington agreed to allow the European Union to take part in the talks at the quadrilateral trade meeting held in Britain in October.

U.S. Trade Representative Mickey Kantor has said that Australia should be invited to the talks. As Japan and the U.S. have not agreed on the participation of Australia, however, Tokyo is making efforts to get confirmation on this point from Washington.

Gorbachev Considering Running for Presidency

OW1611130895 Tokyo KYODO in English 1249 GMT 16 Nov 95

[FBIS Transcribed Text] Tokyo, Nov. 16 KYODO — Former Soviet President Mikhail Gorbachev reaffirmed Thursday [16 November] that he is considering running for the Russian presidency in June's election.

Responding to questions in a forum at a Tokyo hotel, the 1990 Nobel Peace Prize recipient said his decision on whether to stand as a candidate will depend on whether the Russian people want a return to his style of politics.

Gorbachev criticized the administration of President Boris Yeltsin for its use of military force against the occupants of the former Russian parliament building, known as the White House, in Moscow in October 1993, and its military drive against the Chechen Republic, as well as for Russia's current economic problems.

"It is necessary for a new leadership to be born in Russia through a democratic, free election," Gorbachev said.

Referring to Dec. 17 elections for the State Duma, or the lower chamber of Russia's bicameral legislature, Gorbachev acknowledged the possibility the Communist Party could increase the number of seats it holds.

But he said it would be a "mistake" if the present Communist Party restored the kind of communism it practiced in the former Soviet Union.

Gorbachev is in Japan to take part in the forum on creativity toward the 21st century, a gathering to discuss insights into issues leading up to the 21st century.

Article Previews Planned Murayama-Kim Meeting

OW1511232095 Tokyo KYODO in English 2246 GMT 15 Nov 95

[By Takehiko Kajita]

[FBIS Transcribed Text] Tokyo, Nov. 16 KYODO — Prime Minister Tomiichi Murayama will meet South

Korean President Kim Yong-sam in Osaka on Saturday [18 November] in a key opportunity for Japan to put strained relations with South Korea back on track.

The focal point of the bilateral summit will be how far Murayama can go in soothing Kim's anger over a series of Japanese politician's comments on historical ties between the two neighboring countries.

The premier will reiterate Japan's remorse for its colonial rule of the Korean peninsula from 1910 to 1945 and seek understanding of its official views on history, government officials said.

He will brief Kim on his Aug. 15 statement commemorating the 50th anniversary of the end of World War II in which he gave an apology for Japan's atrocities in neighboring countries before and during the war, the officials said.

"We regret the moves of some people in Japan, but the true intention of the entire country is just as shown in the premier's statement," Chief Cabinet Secretary Koken Nosaka, Murayama's main spokesman, said Wednesday.

In the statement, the premier said, "During a certain period in the not too distant past, Japan...through its colonial rule and aggression, caused tremendous damage and suffering to the people of many countries, particularly to those of Asian nations."

"In the hope that no such mistake be made in the future, I regard, in a spirit of humanity, these irrefutable facts of history, and express here once again my feelings of deep remorse and state my heartfelt apology," he said.

However, Kim may not soften his stance on the recurrence of utterances from Japanese legislators, such as former Management and Coordination Agency chief Takami Eto's remarks seemingly justifying Japan's colonial rule of the Korean peninsula.

A diplomatic spat caused by Eto's comments threatened to scuttle the Murayama-Kim summit. After Eto resigned as a cabinet minister on Monday, South Korea agreed to hold the top-level meeting as originally scheduled.

As a reflection of his deep-seated indignation, the South Korean president said Tuesday he is determined to rectify the "ill attitudes" of Japan.

In what may be a crucial step toward mending fences, Japan and South Korea agreed Wednesday to support academics and experts from both nations in jointly studying history.

But this alone will obviously not dispel South Korea's distrust of Japan.

South Korea's Foreign Minister Kong No-myong said in his Wednesday meeting with his Japanese counterpart Yohei Kono that Murayama's Aug. 15 statement will mean nothing if incriminating utterances about past relations between the two countries continue to surface, Japanese officials said.

Although Murayama said in his personal letter delivered to Kim on Tuesday that the 1910 annexation of the Korean peninsula was the product of an "unequal" treaty in the era of imperialism, the question of legality of the annexation pact is likely to continue to cast a shadow over bilateral ties.

Murayama's remarks that Tokyo views the annexation of the peninsula as the result of a legally valid treaty had incurred the ire of Seoul, which takes the position that the treaty itself was null and void from the beginning.

Tokyo, Seoul Agree on Joint Study of History

OWI11091595 Tokyo KYODO in English
0855 GMT 15 Nov 95

[FBIS Transcribed Text] Osaka, Nov. 15 KYODO — Japan and South Korea Agreed on a joint study of bilateral history Wednesday [15 November] in a step toward trying to prevent Japanese officials from making damaging gaffes about Japan's actions before and during World War II, such as the recent one by a cabinet minister.

Foreign Minister Yohei Kono and his South Korean counterpart Kong No-myong agreed in a meeting on the need to put an end to Japanese officials' repeated remarks about the war that touch raw nerves in South Korea.

They decided to launch joint research between Japanese and South Korean scholars into the modern history of the two countries, which is overshadowed by Japan's colonial rule of the Korean peninsula.

Kong told Kono that the remarks by Takami Eto, former director general of the Management and Coordination Agency, hurt the South Korean people's pride.

Kong made a strong call to Kono to see that the Japanese Government ensures that such incidents never happen again.

Kono told Kong he would put his "political life" at stake in making efforts to improve bilateral relations, the officials said.

Eto resigned from the cabinet minister post after his remarks that Japan did some good things during its colonial rule on Korea, such as building schools and railroads, ignited strong anti-Japanese feelings in South

Korea, inciting Seoul to threaten to cancel a planned meeting between Prime Minister Tomiichi Murayama and President Kim Jong-sam.

The two foreign ministers also agreed to hold a trilateral meeting among Japan, South Korea and the United States during the current summit of the Asia-Pacific Economic Cooperation forum.

Philippine President Visits Oita Governor

*OW1611020695 Tokyo KYODO in English
0148 GMT 16 Nov 95*

[FBIS Transcribed Text] Oita, Japan, Nov. 16 KYODO — Philippine President Fidel Ramos visited Oita Prefecture in southern Japan on Thursday [16 November] to meet Oita Gov. Morihiko Hiramatsu prior to the informal summit meeting of the Asia-Pacific Economic Cooperation forum in Osaka.

Ramos will have talks with Hiramatsu and local business leaders in the afternoon, and will also meet in Beppu with Philippine residents of the prefecture.

Hiramatsu, this year's recipient of the prestigious Ramon Magsaysay Award for Government Service, visited the Philippines in October leading a group of Kyushu prefectural governors to a summit attended by some 250 governors and mayors from Asia.

BOJ Books 235-Billion-Yen Loan Loss Reserves

*OW1611134295 Tokyo KYODO in English
1329 GMT 16 Nov 95*

[FBIS Transcribed Text] Tokyo, Nov. 16 KYODO — The Bank of Japan (BOJ) said Thursday [16 November] it booked 235 billion yen in loan loss reserves into settled accounts for the first half of fiscal 1995 against special loans extended to three recently failed financial institutions.

The outstanding balance of the special lending to the three entities — Cosmo Credit Corp., Kizu Credit Union and Hyogo Bank — totaled about 940 billion yen at the end of September, bringing the ratio of reserves to total lending to 25 percent, central bank officials said.

The central bank decided on the scale of the reserves comprehensively judging relevant regulations and precedents, the officials said.

Cosmo Credit corp. went under in early August, and Kizu Credit Union and Hyogo Bank followed later that month.

Building up the reserves is intended to ensure the soundness of the central bank's coffers because there is the risk of the unsecured loans' becoming irrecoverable, they said.

The central bank built up reserves against similar loans extended to Yamaichi Securities Co. under Article 25 of the Bank of Japan Law in 1965 by 5 percent each time in six half-year terms, they said.

The outstanding balance of the special loans to the three lenders increased to 1,065 billion yen by the end of October and will likely grow in the future.

The central bank has yet to decide, however, whether to book additional reserves into the full-year settlement of accounts at the end of March 1996, the officials said.

For the April-September period, the central bank's net profit, which equals pretax profit at commercial banks, sharply increased to 1,026.8 billion yen from 456.1 billion yen in the previous six-month period, they said.

They attributed the favorable results to a jump in profits from government bond transactions in a bull market.

Such profits surged to 661.8 billion yen from 54 billion yen, they said.

Deducting various reserves including the loan loss reserves and dividends from the net profits, payment earmarked to the government amounted to 669 billion yen, rising by 110.7 billion yen from the previous half-year period, they said.

Panel Recommends Economic Revitalization Plan

*OW1611084595 Tokyo KYODO in English
0750 GMT 16 Nov 95*

[FBIS Transcribed Text] Tokyo, Nov. 16 KYODO — A team of a blue-ribbon government advisory body proposed Thursday [16 November] an action plan for revitalizing Japanese economic systems, which the group said are suffering from high costs and inefficiency due to tight regulations and a byzantine distribution system.

The action plan, drawn up by a subcommittee of the economic council, an advisory body to the prime minister, is to be included in a new economic program for fiscal 1995 to 2000, being now prepared by the council, which sets an economic framework for the nation.

The council is scheduled to submit the medium-term economic program to Prime Minister Tomiichi Murayama on Nov. 29.

The proposals cover 10 economic and business fields: distribution, energy, retail, telecommunications, financial business, tourism, agricultural production, industrial standards and import procedures, public works and housing construction.

For example, the subcommittee pointed out that gasoline prices, excluding taxes, in Japan are now nearly three times higher than in the United States and Europe.

This stems from various factors, including higher labor costs, stricter regulations including rules that virtually limit imports of oil products to refiners, and less efficient distribution systems compared with their U.S. and European counterparts, it said.

The subcommittee noted that government regulations should be eased to allow self-service gas stations and gas station expansion, for example, to stimulate competition.

The goal is to reduce the costs of gas distribution at all stages, from wholesale to distribution and the final outlet "to levels similar to those in the United States and Europe," the subcommittee said.

The subcommittee calls for freer and more efficient economic systems, replacing systems it sees as the root of the high-cost problem and the reason manufacturers are shifting production overseas.

Following are some of the goals and proposed measures.

— Distribution: through the construction of more container terminals, truck and rail distribution costs should be reduced by around 10 percent; by introducing larger cargo boats and modernizing shipping systems as well as facilities, the index for marine shipping efficiency against surface distribution systems should be improved to 80 percent from the current 70 percent.

— Retail industry: through deregulation and the introduction of competition in the market, the retail industry's labor efficiency, which is only about 60 percent of that of the manufacturing industry, should be raised to levels similar to those in other developed countries, where the ratio stands in the 80 percent level in some cases.

— Financial services: financial liberalization and customer convenience should be furthered through a review of regulations, including those separating the markets for bank subsidiaries and trust banks.

— Agricultural production: agricultural productivity should be raised by ensuring efficient use of farm land and facilitating the concentration of land into larger and more stable farms.

Current Economic Situation Discussed

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[Dialogue" between Ryutaro Komiya, Aoyama Gakuin University professor, and Ken Moroi, vice chairman

of Japan Federation of Employers' Associations, moderated by ASAHI SHIMBUN Deputy Chief Editorial Writer Hisao Mitsuyu; place and date not given]

[FBIS Translated Text] [Mitsuyu] The Bank of Japan [BOJ] lowered its official discount rate to 0.5 percent in early September, and the government announced a new economic stimulus package on 20 September. Due to the policy coordination between Japan and the United States, the exchange rates moved in the direction of a weak yen from the super strong yen — the dollar hit the 79 yen level at one time — since this spring and are becoming stable. In the course of the yen's appreciation, industry has cried that "the exchange rates are not reflecting the fundamentals of the Japanese economy. A steep appreciation of the yen will interrupt the economic recovery." Mr. Moroi, what do you think of the present situation of the economy and the exchange rates?

[Moroi] The economy had been weakening a little bit since this March partly because of the Great Hanshin Earthquake and the Aum incident. And then, the economy was hit by the steep appreciation of the yen. As you said, we have been saying, "It is unbearable. Exports decline, and production bases have to be transferred overseas. Earnings are deteriorating. We cannot manage."

When we look at the current account balance of payments, however, Japan's trade imbalance, that is, current account surplus, has almost peaked, and in recent days it rather tends to decline, compared to the figure a year ago. At the same time, enterprises' foreign capital investment is recovering. When the interest rates hit this low and the exchange rates stabilize, usually investments could have resumed much earlier. However, since those who are in charge of the dealings are salaried workers, they hesitated to start investing because of "once bitten, twice shy." The investments are now recovering at last.

Although it is not desirable for the yen to depreciate so much, if the exchange rates are going to stay around 100 yen to the dollar, my feeling is that now we have a better situation for our business.

[Mitsuyu] Mr. Komiya, you have a theory that exchange rates are determined not by the surplus/deficit of current account alone but by the supply and demand relationship between it and capital balance. From that perspective, how do you see the current market situation?

[Komiya] The outlook of exchange rates, like that of stock prices, is impossible to predict. Asked what are the prospects, I always have to answer, "I do not know."

What I often say is the current account surplus/deficit of a certain time has no direct connection to exchange

rates. A considerable number of people in Japan seem to believe, "The appreciation of the yen is unavoidable as far as we have a current account surplus. Therefore, the surplus has to be reduced or the issue of exchange rates will not be resolved." This is a wrong idea, however. This is obvious, for example, if we look at the history of the currencies of each country. There are many examples of exchange rate's depreciation under current account surplus, and the exchange rate's strengthening under current account deficit.

In my opinion, this wrong recognition is due to the fact that many people consider current accounts in terms of the dollar. From a macroeconomic point of view, it is most appropriate to think in terms of the GNP [gross national product] ratio when we compare the current account with various indices of national economy. It is a very long time ago when, as Mr. Moroi said, the current account surplus was huge. The ratio of current account surplus to the GNP was 3.5 percent in the fourth quarter of 1992, while it declined to 2.5 percent or less in the first half of this year.

I think the strong yen since this spring is the result of both lenders and borrowers becoming passive about taking exchange risks. Japanese institutional investors were negative to foreign investment, and companies' direct investment in overseas was low except in East Asia. Meanwhile, since the borrowers suffered from foreign exchange losses by the strong yen situation in the past, there was a tendency among them to try to hold yen assets in preparation for further appreciation of the yen, rather than to borrow money in yen terms. There was yen buying by countries that receive yen loans to change a part of their foreign reserves to the yen, while yen-denominated fund procurement was sluggish. I think the fact that both lenders and borrowers did not want to take risks that led to the appreciation of the yen.

However, I guess the very fact that the yen's value is high is an indication that the outlook of the Japanese economy is highly regarded by the entire world. If many people in the world have thought Japan was slow in recovering from the recession, or even worse, its economy would take a further dive in the future, the exchange rates should have moved in the direction of a weak yen. Even at the time of the Great Hanshin Earthquake, the exchange rates did not fluctuate so much. Market players thought the Japanese economy would not weaken due to such a thing.

[Moroi] Although it would be right that current account surplus does not immediately lead to a stronger yen or current account deficit to a weaker yen, I can tell from my experience as a corporate manager that there seems to be a correlation: the exchange rates turn to a strong

yen when current account surplus keeps increasing, and to a weak yen when it is declining.

[Mitsuyu] The will of the authorities to guide the yen exchange rate to a certain level — such as joint intervention and the Ministry of Finance's measures to promote institutional investors' possession of dollar assets — has been reflected in the market. Mr. Komiya, what do you think on this point?

[Komiya] The current international currency system is the float system. Under this system, exchange rates fluctuate widely by nature. The fluctuation cannot be stopped. Market intervention and other foreign exchange policies may be useful for bringing excessive movements to a normal level, but they do not always succeed, and they cannot change the long-term trend of the exchange rates.

Under the float system, any nation can select two out of the following three but not all of the three: 1) Each country can issue its own currency and practice its own monetary policy, 2) Free trade of goods and services, and the liberalization of international capital movements, 3) the stability of exchange rates. In the case of industrialized nations like Japan, giving up the exchange rate's stability would be the most appropriate choice.

When we talk about an exchange rate, we have to make a distinction between discussing it in nominal terms and in real terms, or there will be a confusion. Take, China, for example, since this country's annual inflation rate reaches nearly 20 percent, the devaluation of its currency (yuan) is only natural. One yuan was approximately 135 yen when I first visited China in 1983, but its value is now one tenth of it or less. With respect to the United States too, the yen's value has risen nearly four times compared to that in the era of \$1=360 yen, and the increase is mainly due to the difference in inflation rates between the two nations. It is important to think of exchange-rate movements in terms of a real exchange rate — the rate in which the portion of inflation is excluded. You will understand the hope for stabilizing foreign exchange rates, while inflation rates among countries are different, is only a delusion.

One of the things that Japan is now blessed is the low price of oil and industrial raw materials. For instance, the import of energy resources accounted for almost 20 percent of Japan's import (approximately 1.8 percent to the GNP) before the oil crisis, but it amounted to 50 percent (6.6 percent to the GNP) at the height of the second oil crisis. The figure has declined to 17.4 percent (1.0 percent to the GNP) in 1994. The "terms of trade" have become advantageous to Japan. When such a big

change in conditions occurs, the real value of a currency is forced to fluctuate. It is impossible to keep it from changing.

If a company thinks the fluctuation of exchange rates undesirable, it has to either prepare to avoid the impact of the changes on its earnings by coping with the exchange risks as much as possible or give up its overseas dealings and switch to domestic business.

[Moroi] Yes, it is a way of thinking. If an enterprise carries out production transfer by moving its factories overseas on the one hand and reduces the costs of domestic production by importing parts from abroad on the other, and if the two are balanced, the fluctuation of exchange rates is not a scary thing for the company. The firm can borrow local currency for foreign investment, and foreign parts are now better in quality than they used to be. Besides, they are cheap. In fact, companies which adopt this style of management are emerging. While negotiations with their labor unions and the consolidation of their subsidiaries are no easy matter for the companies, such a method is also effective in correcting the trade imbalance.

[Komiya] Well, I am doubtful about it. I do not think Japan's current account surplus will be reduced at once in the near future. From a macroeconomic viewpoint, all of the countries which have invested abroad in the past — the United Kingdom, the United States, Switzerland, Holland, and Sweden — have operated multinational enterprises all over the globe. As in the case of these countries, I think a situation will last for quite a while in which Japan has a trade surplus while it makes foreign direct investment, gives a loan, and invests in securities in other nations. As a rough standard, I think current account surplus worth of approximately 2 to 2.5 percent of the GNP will continue.

[Mitsuyu] What about the mid- to long-term trend of the yen? It is a question of whether there is nothing to worry about since Japan's economic strength is highly appreciated as Mr. Komiya said, or there is a possibility of a weaker-yen trend due to the rise of inflation rates by a decline in the economy's quality.

[Moroi] We cannot say there is no need to worry. For one thing there is the issue of labor costs. Japan's labor costs are now 1.5-1.6 times as high as that of the United States, and about double that of the UK. At this rate, however hard-working the Japanese are and however high its labor productivity is, Japan cannot compete internationally. In my industry — the cement industry — it is becoming difficult to compete with the companies of the West, South Korea, and Taiwan. Besides, Japanese firms' development of a new technology has come to a deadlock. In the cost-cutting

measures as well as the development of a new product. If Japan rests on its laurels — the high quality of products and the productivity — and does not develop a new technology, the decline of its competitiveness will suddenly come out. Then the possibility of exchange rates moving in the direction of a weak yen cannot be denied. Some views in the West and Asia already see Japan as "having no future."

[Komiya] When a term "economic strength" is used, people use it with many meanings to express various things. Among them, I think the usage of the word in the sense of whether per capita income is high or low is only significant. As Mr. Moroi mentioned, when per capita national income is converted with the exchange rates, that of Japan is more than 1.5 times as high as that of the United States. Compared with the per capita national income of nations in East Asia, those of Korea and Taiwan are one third of Japan's, Malaysia's and Thailand's are one tenth, and China's is less than one fiftieth. This gap will narrow in the future as the East Asian nations grow, but no country will catch up with Japan at least in the next 20 to 30 years. In the long run, the growth of the overall economy is determined mainly by the following three factors: an increase in the labor force, the accumulation of capital, and technological advancement. When all these factors are taken into consideration, Japan still has high potential. As far as the future of the Japanese economy is concerned, I am still a "bull" and I am not worried much.

[Moroi] But there is still a question of how to view prices. Prices in Japan, beginning with land prices, are high, and it is the accepted view that the yen's value is 170-180 yen to the dollar in terms of purchasing power parity. It is difficult to think that Japan is better than the Western nations in terms of real living standards.

[Komiya] It is quite difficult to make a comparison in "real" terms. Japan's prices are surely high. However, when I visited New York recently for the first time in a long while and took a taxi, it did not have an air conditioner while the temperature was as hot as 35 degrees [centigrade]. According to the driver, only about 10 percent of the taxis [in New York] are equipped with air conditioners. A jalopy is used as it is. Besides, it was difficult to communicate with the driver in English because he said he came from Russia three years ago. Although the starting fare — \$1.50 — is far cheaper than that in Japan, the taxes in the two countries are completely different vehicles.

[Mitsuyu] Well, the discussion has turned to prices now. In this connection, let me take up the issue of the so-called "hollowing out." The fact that Japan's business costs — such as land and public utility charges —

are too high, along with the strong yen have caused the "hollowing out of industry" and "hollowing out of finance." Do you think this trend will continue in the future?

[Moroi] If the yen-dollar exchange rate stabilizes at around 100 yen, the trend will still last. Recently, not only export firms but companies that make products for domestic consumption — some manufacturers in the food industry, for example — are starting to transfer their production bases overseas since their products cannot compete with imported goods because of labor costs, which I mentioned earlier. But I do not think it is worth making a great fuss about. A company should produce goods where the costs are the cheapest, and sell them where they sell best. You may consider the phenomena as "globalization" instead of as "hollowing out."

[Komiya] Foreign direct investment will continue to be active, and the picture of international division of labor — the separation of things to be made abroad and those at home — will gradually change. The number of automobiles and home electrical appliances to be manufactured overseas will increase, but capital goods and machine tools including the robots that make these cars, and high-tech parts such as semiconductors used in the home electrical appliances will be produced in Japan. In addition, if nations in East Asia come to manufacture semiconductors, then Japan will produce the semiconductor-manufacturing machinery. Even if the neighboring nations catch up with Japan, it will get one step ahead of them by making more technically-advanced products.

However, it is not without problems. One issue is the low-wage, simple labor that part-time workers are mainly engaged in the domestic manufacturing industry. This portion of employment will unmistakably decline, and the wages will decline or not increase. Another is the issue of the provinces which have been inviting companies to their towns since the latter half of the 1960's because they have abundant labor. Such regions will have to compete with cheap-labor nations from now on, and there is a possibility that the gap between the communities within the nation will widen.

[Moroi] I think employment will be maintained from a macro point of view, but the question is what the wage level would be then. The amount of labor needed in the area of manufacturing high-tech products is not so high. Those who are not able to get a job in this field will probably have to work in the low-wage service industry. There are many service industries that are profitable as long as their labor costs are low.

One thing I am sure of is that traditional systems such as promotion by seniority and lifetime employment will become obsolete. The forms of employment will become diversified and so will human resources. While there will be talented people who want to earn a lot of money, there will be people who want to enjoy their lives instead of working hard like a dog. Also, there will be people, as it can be seen among the NGO [nongovernmental organization] in the West, who would engage in volunteer activities while not caring so much about their living.

[Komiya] While the chances are high for the wage differential to widen, I think the workers' tendency to stay with one company and their skills are the strength of Japan's manufacturing industry. Speaking of blue-collar workers, even in Hong Kong where the wage level is relatively high in East Asia, most of the blue collar workers at Japanese firms quit and transfer to other companies in one to two years. On the other hand, the rate of Japan's blue-collar [workers] staying with their companies is high, and they acquire know-how by receiving various types of training over a long period and become skilled workers. This is why Japanese firms can make advanced products, and I think this superiority of Japan will not easily change.

[Moroi] Yes, as far as the management of blue-collar workers is concerned, that of Japanese companies is by far the most outstanding in the world. Besides, it has universality and can be employed in Asia as well as in the United States. The Japanese way of management must have made a considerable contribution toward recovering the efficiency of the U.S. economy, though Japanese firms' management of white collar workers is terrible. (Laughter)

[Mitsuyu] Nevertheless, the BOJ's tankan [Short-term economic survey of principal enterprises] in September worsened for the first time in 21 months, and there is not a bit of hope for the economic outlook. The economy that bottomed in the fall of 1993 has continued a zero growth for three years, and there is even a prediction this will continue for the forth year. In the background are the assets deflation caused by a decline in land prices, and the issue of banks' bad loans that lie heavily on the economy. Mr. Komiya, would you tell us what you think on the issue of deflation and the stability of financial system?

[Komiya] Some people say we are in deflation, but I think the present situation is far from that. Although prices are on the decline, its scale is just a 1 to 2 percent decrease in wholesale prices. We are not in a situation, as in the time when it was really called deflation, where prices declined by 20-30 percent. While

it has been pointed out that the current situation is similar to that of the Showa Financial Panic [in 1927] or that of England in the 1870's, there are almost no similarities. In addition, speaking of the word "assets deflation," people who are in trouble by a decline in the value of assets are those who have bent over backwards to gain assets at the time of the bubble economy. The percentage of those people among assets holders is not large.

With regard to the financial system, although the failures of Cosmo Credit Union and Kizu Credit Union are reported widely, the important point is that real assets do not decrease even if financial institutions go bankrupt. The outcome is just advantages and disadvantages among people. This point is what is fundamentally different from the case of the Great Hanshin Earthquake. That is, [bank failure] does not mean a loss of national wealth. Since a payoff system which guarantees a deposit of up to 10 million yen already exists, I think banks in financial difficulties should be more aggressively liquidated with the use of that system.

[Mitsuyu] There is a line of argument that failed banks cannot be liquidated. To take an example, some people argue that the failed Hyogo Bank cannot be consolidated because — while the fact that the bank is located in the earthquake-stricken area is a understandable reason — there are people who will loose their correspondent bank.

[Komiya] Such an argument does not make sense to me. There is no other country that has more financial institutions than Japan. As the result of being protected for a long time, I think the number of offices and employees is too large, and the wage level is also too high. I expect the "selection" to take place as the result of financial deregulation.

[Moroi] I agree with Mr. Komiya. The financial system is being shaken by bad loans. These loans have to be written off as soon as possible to settle this problem. The issue is not likely to cause the overall credit system of Japan to collapse. Nevertheless, little progress has been made in the disposal of the bad loans while a good deal of time, three to five years, have been spent already. Moreover, it is questionable whether banks are telling the truth. In total, latent profits are still larger than latent losses at the current level of land and stock prices.

The issue of "jusen" [specialized housing loan companies] is the focus of attention, and arrangements for its solution has to be made within the year by employing the prospective "Revised Parent Bank Method," and by using public funds to take care of the portion that cannot be covered by the method. (Footnote 1)

[Mitsuyu] What are your views on the present state of the economy? Is the small economic recovery after the bubble economy now taking a downward turn? In other words, is one economic cycle coming to an end in terms of the business cycle? Or, are the structural problems of the Japanese economy preventing the economy from recovering?

[Moroi] The economy has been remaining at the bottom for about two years. While economists often cite business cycles [to explain the current economic state], I think such an interpretation is somewhat implausible. Although they claim the economy will certainly recover since it hit bottom, they fail to explain "why." Saying "because it has always been so" is not a convincing explanation. The problem is that no matter how many traditional-type economic packages — be it public investment, low interest rates, or tax cuts — are implemented, they only have an effect to prevent the economy from falling at best. The economy is not stimulated at all by such policies. It is time to consider a new policy, a something different from the ones in the past.

[Komiya] Certainly, there are considerable aftereffects of the bubble economy, but "bearishness" usually prevails when the economy is bad. I am doubtful about the use of the term "structural." Whenever a recession lasts a little longer, it is called, "this time's recession is different from the ones in the past — it is structural." People use the word "structural" when they do not know the cause. This is similar to a doctor saying to his patient, "it is due to your constitution," when he does not know what is the cause of the patient's disease. (Laughter)

[Moroi] Is not the very "Japanese-style management," which Japan has been proud of, a structural issue? In other words, a product that has undergone competition and been refined in the homogeneous and wide domestic market is exported overseas by mass production. Because costs decrease as the volume of mass production increases, a low price is possible. As a result, exports increase further. This system, which has led Japan's growth, has come to a deadlock.

I understand very well what is called the advocacy for a "nation living by technology" that Japan should produce high-tech goods, as Mr. Komiya mentioned previously, and I think this is the very strategy that Japan has to take for its survival. But, it takes time to shift to a "technology nation." Five to ten years will be needed. Until then, what kind of transition measures should be taken? I think this is the urgent issue confronting both the government and the private sector.

[Mitsuyu] This is a significant point in telling the future of the Japanese economy. Speaking of mass production

and consumption of "Japanese-style management," companies made a large-scale investment in plants to seek further mass production at the time of the bubble economy. This led to the overgrowth of production capacity, and it is now causing a deflationary gap.

[Moroi] In addition, this gap does not narrow easily since most of the production bases of companies are transferred overseas due to the strong yen.

[Mitsuyu] In the auto industry, I have heard there is a case that facilities which used to be the most up-to-date are becoming outdated even before depreciation.

[Moroi] But, this is all right in the case of the auto industry because you already know the "scenario" to some extent. The transfer of production to the West will continue, and a production system in East Asia will be gradually built, seeking cheap labor. Meanwhile, domestic factories will only make products for domestic consumption. I think changing to this kind of system is inevitable. In addition, what lies immediately ahead of such issues is a question of what will happen when China enters the age of automobile civilization. Therefore, the development of new technology that takes these issues into consideration will be necessary. This will be the very example of the "technology nation's" technological development.

[Komiya] Considering Japan's potential, I think Japan will steadily move toward a "technology nation." For the time being, Japan has to expand its domestic demand. When domestic circulation used to be the main part of the U.S. economy, investment in housing and public investment by local governments played a major role to get the economy out of a recession. The local governments aggressively rebuilt roads, bridges, and school buildings during the recession when interest rates were low. The housing investment is recently serving as the underpinning of the economy in Japan as well, and there is a possibility that demand for rebuilding houses and factories will increase if long-term interest rates become low enough. Public investment too should be aggressively made at a time like this.

[Moroi] Speaking of the previous topic, about the measures to be taken during a transition period to the "technology nation," I think housing investment, which Mr. Komiya cited as an example, is the measure to be taken. Although investment in housing has been actively made for the last few years, there are only small houses. It is not a question of numbers. What is most needed now is to make the size of a house bigger.

If the number of rooms increases, it is certain there will be ripple effects like demand for air conditioners. And such ripple-effect demand will be able to tide the

economy over for the "transition" period. In addition, Japan's housing environment, which is inferior to the West's, can be improved by that. It has to be done now by all means because improving the quality of housing will be almost impossible once Japan becomes an aging society. Also, the measure has a merit in which it can give a "Japanese dream" to people.

But a bottleneck here is, as one would expect, land. While land prices have to be lowered, doing so is impossible as long as the population concentrates in Tokyo.

[Moroi continues] Therefore, there will be a need for decentralization. The reason why the population concentrates in Tokyo is because employment opportunities are high, and one can experience the latest culture and entertainment. Although it is difficult for the provinces to take the place of Tokyo in every aspect, I think central cities should first start preparing such infrastructure. Since land which costs approximately 200,000 yen a tsubo [about 3.3 square meters] is still available on the outskirts of the central cities, this is not entirely impossible if, for example, tax privilege is accorded.

[Komiya] When I talked with a businessman in the prime of his life and said, "Japan is a nice country, is it not," he refuted me, saying, "no way." He said, "It is wrong to say Japan is good," citing the housing and commuting problems as examples. On the other hand, what I heard when I visited a local national university was the same as what Mr. Moroi said: The reason why its graduates go to Tokyo instead of staying with their hometown is because the area does not have employment and entertainment facilities.

After all, Tokyo's value is high enough to attract people. While attractive local cities have to be made in order to diffuse this concentration, my feeling is that this is not so easy.

[Moroi] The issue of decentralization ultimately falls on us, corporate managers. While the transfer of the government agencies — such as moving or dividing the capital — is important, the diffusion of the population will not occur unless firms move to the provinces. The burden of a company is very heavy when we consider the costs — expenses for its employees' housing, for instance — to maintain the company's main office in Tokyo. Firms will certainly benefit from moving to the provinces because it will lead to a reduction in costs. Along with this merit, if the government can provide them with a further incentives and a good reason to do so, I think it is not impossible to realize the transfer of companies to the provinces.

[Mitsuyu] Finally, I would like you to discuss Japan's foreign relations. First of all, on "Japan-U.S. relations." The Clinton/ Democrat administration is very domestic-oriented, and its policies appear to be inconsistent. It seems to me that the actions of the Clinton administration is considerably different from the image of the U.S. governments we have had for a long time....

[Moroi] Clinton emerged when economic and trade relationship came to the front after the Cold War's end. Come to think about it, things like economy and trade lead to a fight in the first place because when one side earns, the other side loses. For relations between the industrialized nations to deteriorate, in some sense, is only natural when the focus of attention shifts to economic relations in the wake of the Cold War's end.

Also, it is unreasonable to ask the United States to take care of all the peace and prosperity of the world while its strength itself, especially its economic strength, has relatively weakened. Yet, the United States is not completely indifferent to global concerns. There are many critical issues in the world facing the human race as a whole such as a population explosion, environmental disruption, and the shortage of energy. All of these problems cannot be resolved unless the three pillars — Japan, the United States, and Europe — deal with the issues in cooperation.

If Japan-U.S. relations are viewed from such a perspective, this relationship is even more significant for Asia and the world than it is for the two countries. The auto parts dispute is much less significant issue in this light. The occurrence of trade friction cannot be helped in some respects. But, being occupied with only this issue can lead the future of a country in the wrong direction.

[Komiya] I quite agree. The common interests of Japan, the United States, and Europe are far greater than their conflicting ones. If Japan, the United States, and Europe do not cooperate closely, the whole world will be in trouble.

Speaking of the trade friction between Japan and the United States, I think the settlement of the auto talks was excellent. The United States' manner of negotiation in the past was always "Japan bashing" in which it figured bashing Japan, rather than claiming its economic interests, can somehow make do, and if it gets results by bashing Japan, its domestic popularity will also go up. But this time, the multilateral WTO (World Trade Organization) served as brakes at the very last moment, and the negotiations came to a conclusion, or rather I should say, the States "withdrew." That is to say, under a tense situation in which both sides filed a complaint with the WTO, Japan did not concede easily like it did in the past. The rough means of the United States was

very likely to be judged as a violation of the rules by the WTO, and the U.S. Government "withdrew" in the end in fear that the WTO's decision would be given at the time of next year's presidential election.

This instance is very significant when we consider the future of Japan-U.S. economic relationship. Now there is a precedence that, even if various problems arise between the two nations, the WTO — a multilateral forum — serves as the criteria for the settlement of trade issues. I think we can be more optimistic than before about the future economic friction between Japan and the United States.

[Mitsuyu] Mr. Moroi, perhaps it is because there are not many channels between the Clinton administration and the Japanese Government, but long-time watchers of Japan-U.S. relations have pointed out the political will to seek a common goal by trusting each other is weakening on both sides.

[Moroi] While the United States is domestic-oriented, Japan is worse. Although Japan has so much relied on the United States in a "give-him-an-inch-and-he-will-ask-for-an-mile" way, it regards a slight change in the attitude of the U.S. side as "being cold." Japan is such a "dependent."

[Mitsuyu] You mean the issue of harmony with the international community, including the PKO [peacekeeping operations] debate?

[Moroi] That is right. Here is my pet theory: Article 9 of the Constitution of Japan declares Japan will not conduct an act of aggression again. When it comes to the issue of the PKO, however, there is a view that sending armed Self-Defense Forces [SDF] overseas could lead to an aggression. I wonder if it is really so. Do you think the democracy of Japan is so fragile that the SDF's participation in the PKO would lead to a war of aggression? Since Japan will also be affected if a regional conflict is unsettled, I think the burden has to be shared by everybody.

[Komiya] Well, I doubt it. I do not feel like taking the lead in that sort of thing while neighboring countries are watching Japan with suspicion. International contribution is extremely important, but I think Japan should attach greater importance to making a contribution in the nonmilitary fields such as ODA [Official Development Assistance] and environmental issues, and it should control its desire for that in the military area.

[Moroi] I think this is not a question of desire.

[Mitsuyu] The APEC summit will be held in Osaka in November. While the economic growth of the East Asian region was two-digit in the 1980's, and it keeps

growing at the latter half of a digit in the 1990's, there are two views on this growth. One opinion is that East Asia will keep growing as the center of the world's development, while the other, like that of Stanford University Professor Paul Krugman, is that the growth will end once the injection of capital takes a round.

[Moroi] Krugman's views make sense if the discussion is limited to Southeast Asia only, but if we take China into consideration, I think Asia will keep growing. In terms of cement, for instance, China's demand for cement is 300 million tons, compared to Japan's 80 million. Because China's cement demand is even estimated to exceed 500 million tons in the future, China will certainly run short of cement. While Asia's growth has often been termed "ganko [a flight of wild geese] system" with Japan at the head, I wonder what kind of impact China will have on this when it enters. I have a feeling that [the system] will not remain unchanged.

[Komiya] About 10 years ago, I was asked by a European, "Will not East Asia become another West Europe?" By "another West Europe" he meant a region where neighboring countries are active in trade, direct investment, transfer of technology, and exchange of people, and their income levels rise on the whole.

My first visit to the United States was in 1956, and Japan's income level at that time was approximately one fifteenth of the States'. The reason why Japan has developed this much since then is because investment and trade, and the exchange of technology and people between Japan and the United States have progressed. The same process is underway in East Asia now.

I think the view on East Asia like Krugman's is a minority opinion. Though it claims East Asia is similar to the Soviet Union in the 1950s, what is clearly different is that the competition system is functioning in East Asia. In China also, companies compete with each other within the nation, and compete with other countries as well through trade.

But, in China's case, there are uncertain and unstable factors. Its high inflation rate does not halt because there is a fundamental defect in its economic system, and the circulation of information is still strictly controlled due to the one-party dictatorship of the Communist Party. China has social and political uncertainties, and my feeling is that one cannot tell when and in what way these will erupt.

[Moroi] If China falls into confusion, it will have a great impact on Asia, not to mention Japan. I wish China, including the issue of post-Deng Xiaoping, will somehow softland.

Footnote

1. Revised Parent Bank Method: With regard to the issue of disposing of "jusen's" [specialized housing loan firms] bad loans, banks and agriculture cooperatives-related financial institutions are at odds over which side should assume the responsibility for the irrecoverable debts. The agriculture cooperatives-related financial institutions, a major creditor of jusen, claim the "parent banks' responsibility" in which the parent banks — such as city banks — that originally invested in setting up jusen have to take the responsibilities. On the other hand, the bank side claims the "lender liability" in which the losses, in principle, should be shouldered in proportion to the percentage of loans, as in the case of liquidating an ordinary business company. The argument remains unresolved.

"Revised Parent Bank Method" is a compromise between the two in which the parent banks give up all of their loans to jusen, and the rest of bad debt will be disposed mainly by the lenders' responsibility. Recently, the decision to liquidate six Osaka- and Fukukoku-related nonbanks by using this method has attracted attention.

Rengo, Nikkeiren Heads Urge Job Creation

OW1511032795 Tokyo KYODO in English
0258 GMT 15 Nov 95

[FBIS Transcribed Text] Tokyo, Nov. 15 KYODO — Leaders of major management and labor groups Wednesday [15 November] urged the Japanese Government to take measures to create new industries to secure employment.

Jiro Nemoto, president of the Japan Federation of Employers Associations (Nikkeiren), and Jinnosuke Ashida, chairman of the Japanese Trade Union Confederation (Rengo), made the pitch jointly in a meeting with Prime Minister Tomiichi Murayama.

In their petition, they urged government action in four priority areas — acceleration of housing construction, and support for new business ventures in information and telecommunications, environmental protection, and welfare and medical treatment.

Noting a need to prop up private sector economic activities, the two men sought extra consideration in formulating the state budget and public works spending for fiscal 1996, which begins April 1.

White Paper Reports 'Low' Satisfaction With Life

OW1411011195 Tokyo KYODO in English
0044 GMT 14 Nov 95

[FBIS Transcribed Text] Tokyo, Nov. 14 KYODO — Japan has attained remarkable economic growth in

the postwar period but people's satisfaction with life remains low compared with international levels, the Economic Planning Agency (EPA) said in a white paper released Tuesday [14 November].

"Many Japanese still seem not to feel either affluence or a sense of satisfaction corresponding with the nation's economic growth," says the fiscal 1995 annual report on national life.

Given changing circumstances, Japan's conventional systems should be converted into ones applicable to diversified ways of life with expanding options, said the report, dubbed "autobiography for 50 postwar years — in search of a diversified, richer lifestyle."

Among problems yet to be resolved are smaller housing space, higher housing prices, longer working hours, higher living costs, and unsatisfactory improvement in social infrastructure, compared with other major countries, the report said.

Housing floor space per person in Japan is the smallest among major industrialized nations, while Tokyo ranks first, followed by Osaka, among major cities of the world in terms of average land price in a residential area, with a gap of more than 10 times, it said.

The gap between annual income and housing prices has continued to expand in Japan, it said.

The number of working hours per year in Japan is still greater than in Germany, France and Britain, though becoming slightly less than in the United States.

The number of annual paid holidays taken by the Japanese is much less than workers in the other four nations, the report said.

Regarding the gap in prices between at home and abroad, the report said that prices in Japan were almost half of those in the U.S. until the 1960s. Since the late 1980s, however, prices in Japan have surpassed and become about 50 percent higher again than those in the U.S.

In 1994, costs for Japanese were much higher than for Americans, except for medical and health care, the report said. In particular, expenses for food and beverages, housing construction, public works, and nonelectrical equipment were far greater, it said.

Discounting the price gap, therefore, the Japanese consumption level is the lowest among the major economic powers, despite having the highest level of per-capita income in dollar value, the report said.

Reflecting expensive costs in the nation, Japan is far behind in improving its social infrastructure despite massive public works spending, the report said.

Japan's social infrastructure still compares unfavorably with those in other major nations, it said.

That unsatisfactory infrastructure, such as roads and harbors, is responsible for higher distribution costs, contributing to the expansion of the gap in prices between at home and abroad, it said.

The Japanese people's sense of satisfaction had gradually increased, except for the time around the oil crisis of the early 1970s, the report said.

Since 1974, though, more people report feeling their living conditions deteriorate from year-before levels than those who say their living standards have improved, it said.

In an international comparison, younger Japanese are less satisfied with either their family life or working life, it said.

The report also reviewed recent trends in the household budget and consumption mainly for fiscal 1994 ended March 31.

Under 0.6 percent economic growth, prices remained stable with domestic wholesale prices falling 1.3 percent and consumer prices rising 0.4 percent for the year, while employment conditions remained severe with the jobless rate hitting a record high, the report said.

Focusing on the recent so-called "price destruction," or downturn in prices, the report said the phenomenon since 1994 is not a passing one caused by economic recession and could drag on into the future as something that is structural.

Egypt Unhappy With Small Japanese Investment

OW1011081495 Tokyo KYODO in English
0724 GMT 10 Nov 95

[FBIS Transcribed Text] Cairo, Nov. 10 KYODO — Egypt has expressed displeasure over slow expansion of investment from Japan at a seminar held in Cairo, Japanese Embassy officials said Friday [10 November].

Egyptian Minister of State for International Cooperation Yusuf Butrus-Ghali complained that the Japanese have shown little interest in Egypt despite his frequent trips to Tokyo to seek investment, the officials said.

"Japan lacks global perspective," the state minister was quoted as saying at the recent seminar sponsored by the Japanese Embassy, they said.

Toshihiko Kimura, a senior official of the Export-Import Bank of Japan, told the same session that Egypt is not attractive for Japanese enterprises as the nation's

purchasing power is low while investment risks are high because of bureaucratic barriers, the officials said.

Keidanren Urges Firms To Donate to LDP

*OW1611012895 Tokyo KYODO in English
0058 GMT 16 Nov 95*

[FBIS Transcribed Text] Tokyo, Nov. 16 KYODO — The Federation of Economic Organizations (Keidanren), the most powerful big-business group, decided Thursday [16 November] to ask member companies to give the Liberal Democratic Party (LDP) a total of 10 billion yen in political donations in installments over five years, Keidanren officials said.

The donations would be handed over to help the key ruling coalition party repay a loan of the same amount that it took out in 1993, from various major commercial banks, to finance its general election campaign in that year, the sources said.

The LDP, the biggest component in the tripartite coalition of Prime Minister Tomiichi Murayama, had requested that Keidanren muster the 10 billion yen in political donations from member firms, they said.

Keidanren decided to split the donation burden into five-year installments because some companies have already reached a mandatory donation ceiling stipulated by the political funds control law and because the anemic economy has left some firms financially unable to respond to the donation requests, they said.

The Keidanren plan calls for collecting a total of 1 billion yen in the initial year, 2.5 billion yen in each of the subsequent three years and then a final package of 1.5 billion yen in the fifth year, they said.

The decision to spread the donations over the five years was also made in view of lingering uncertainties concerning Japan's future course in the wake of the inauguration of the powerful unified opposition Shinshinto (New Frontier Party) and the birth of the current coalition that brings together the LDP, New Party Sakigake and the Social Democratic Party, they said.

A Keidanren official said the latest decision to ask firms to donate is "an exceptional measure designed to square up the past (loan)."

The official denied suggestions that the latest move amounts to scrapping a formal 1994 decision taken by the big-business group to completely halt its decades-old practice of encouraging member firms to provide political donations to the LDP.

The big-business group halted the annual practice following criticism that such donations have helped foster murky ties between the business community and gov-

ernment leaders, thereby distorting the nation's policy-making in favor of business interests.

Keidanren officials said the business group had guaranteed the repayment of the 10 billion yen when the LDP received it from the banks, all of which are also Keidanren members.

If Keidanren fails to muster the 10 billion yen in donations, the LDP will likely take unilateral measures to acquire the funds to repay the loan, they said, adding that Keidanren has decided that such a unilateral approach should be thwarted.

Although the electric power utility industry has remained adamant in refusing to make political donations to the LDP, the decision to disperse the donations over five years would enable the power companies to postpone their final decisions on this donation request, they said.

In a related development, Keidanren Chairman Shoichiro Toyoda and Masaya Miyoshi, head of Keidanren's Secretariat, exchanged opinions Thursday morning with LDP Secretary General Koichi Kato and other party executives, in Tokyo.

The latest Keidanren decision to arrange the 10 billion yen donation led to expressions of concern among some business firms that the big-business group may also revive the annual practice of encouraging members to donate to the ruling party of the time.

Further on Donation to LDP

*OW1611051995 Tokyo KYODO in English
0457 GMT 16 Nov 95*

[FBIS Transcribed Text] Tokyo, Nov. 16 KYODO — The Federation of Economic Organizations (Keidanren) promised the Liberal Democratic Party (LDP) on Thursday [16 November] a total of 10 billion yen in political donations in installments over five years, Keidanren officials said.

The donations would be handed over to help the ruling coalition party repay a loan of the same amount that it took out in 1993 from various commercial banks to finance its general election campaign in that year, the officials said.

The Keidanren executives pledged the money in a meeting with LDP Secretary General Koichi Kato and several other senior party executives at the Tokyo Kaikan Hall in Tokyo's Marunouchi. The meeting was also attended by 120 business executives from Keidanren and other industry bodies, they said.

The LDP, the biggest component in the tripartite coalition of Prime Minister Tomiichi Murayama, had asked

Keidanren to muster the 10 billion yen in political donations from member companies, they said.

During the meeting, Keidanren Chairman Shoichiro Toyoda suggested the business group wants the LDP to exert political power to abolish a landholding tax and implement other tax system changes, political sources said.

"We have asked the government to implement tax system changes, and I want the Liberal Democratic Party to exert its leadership further," Toyoda said.

Only three days ago, Toyoda paid a visit to Murayama at the premier's official residence and requested the government to cut corporate tax rates and other taxes.

In a subsequent speech at the morning meeting, Kato said, "The LDP would like to ask for your assistance as it has failed to repay the 10 billion yen despite its utmost efforts to repay it."

Keidanren decided to split the donation burden into five yearly installments because some companies have already reached a donation ceiling stipulated by the political funds control law and because the anemic economy has left some companies unable to respond to the donation request, they said.

Masaya Miyoshi, chief of Keidanren's Secretariat, told the LDP executives at the meeting that Keidanren plans to collect a total of 1 billion yen in the initial year, 2.5 billion yen in each of the subsequent three years and a final 1.5 billion yen in the fifth year.

He described the decision as "an ad hoc exceptional measure."

He said it does not amount to scrapping a formal 1994 decision taken by the big business group to completely halt its decades-old practice of encouraging member companies to provide political donations to the LDP.

The decision to spread the donations over the five years was also made in view of uncertainties concerning Japan's future course following the inauguration of the unified opposition group Shinshinto (New Frontier Party) and the birth of the current coalition that brings together the LDP, New Party Sakigake and the Social Democratic Party, Keidanren sources earlier said.

Keidanren halted the annual donations following a series of scandals over murky ties between the business community and politicians.

Although the electric power utility industry still refuses to make political donations to the LDP, the decision to disperse the donations over five years will enable the power companies to contribute later if they wish, Keidanren sources said.

Weekly Asked To Stop 'Stupid' Government Issue

OW1611115295 Tokyo KYODO in English

11/6 GMT 16 Nov 95

[FBIS Transcribed Text] Tokyo, Nov. 16 KYODO —

The Finance Ministry has asked Bungei Shunju Ltd. to stop selling the latest issue of the BUNSHUN weekly magazine, which says a senior ministry official called the government "stupid," Vice Finance Minister Kyosuke Shinozawa said Thursday [16 November].

At a press conference, Shinozawa said Eisuke Sakakibara, director general of the ministry's international finance bureau, told him that he did not make the remarks reported in the weekly magazine.

The ministry Wednesday night lodged a protest with Bungei Shunju and asked it to stop the sale of the BUNSHUN weekly carrying Sakakibara's alleged remarks, Shinozawa said.

According to the weekly magazine issued Thursday, Sakakibara said, "Members of the current government and the ruling coalition parties are all stupid."

"(Ryutaro) Hashimoto (minister of international trade and industry) and (Prime Minister Tomiichi) Murayama know nothing. The present government moves according to the ministry's scenario," the weekly quoted Sakakibara as saying.

The magazine said Sakakibara made the remarks at a dinner party hosted May 11 by James Foster, who was economic affairs counsellor of the U.S. Embassy at the time. Foster returned to the United States last summer.

Shinozawa said that when Sakakibara telephoned Foster in the U.S. to confirm what had transpired at the dinner, Foster said he could not recall Sakakibara making the remarks.

Murayama Backs Campaign for Formation of Party

OW1611084695 Tokyo KYODO in English

0703 GMT 16 Nov 95

[FBIS Transcribed Text] Tokyo, Nov. 16 KYODO — Prime Minister Tomiichi Murayama threw his weight behind moves to form a new political party in meetings Thursday [16 November] with representatives of trade unions, ruling coalition partner New Party Sakigake [Harbinger], and his own Social Democratic Party (SDP).

At a meeting with the SDP deputy chairman and secretary general, Murayama urged SDP members to back formation of a new party as soon as possible, saying a committee has already been set up with the

blessing of the party's central executive committee to prepare for a new party.

Murayama cautioned, however, that a new party must include a wide range of political forces, including Sakigake, the smallest of the three parties in the ruling coalition, even though other liberal groups courted by the SDP have indicated they are not willing to join at present.

The SDP, led by Murayama, has been preparing to change itself into a new liberal party in the hope of improving its chances of winning future elections.

Murayama's bid for an early start to its formation highlights divisions within the SDP between members who side with party Secretary General Wataru Kubo, who is advocating swift establishment of a new party, and the premier's close aides who favor a more cautious approach.

Party members calling for a new party said they interpret Murayama's statement as a formal indication of support and are throwing their weight behind the effort to hold a convention marking the new party's formation in mid-December.

Sakigake Secretary General Yukio Hatoyama told Murayama in a meeting Thursday at the Prime Minister's Office that a new party should be formed before the next House of Representatives election.

Hatoyama urged Murayama to trust Sakigake leader and Finance Minister Masayoshi Takemura, who has said his party could work with the SDP if Sakigake's policies are taken into account.

Hatoyama told Murayama that unless the proposed new party's political principles are clearly enunciated, "a new party boom will not occur."

Elsewhere, Murayama, in a meeting at SDP headquarters with Yoshi Hashimoto, head of a group of labor leaders supporting the SDP, said he wants to push the plan for a new party once the Asia-Pacific Economic Cooperation (APEC) forum meeting in Osaka ends Sunday.

Murayama's Decision on CEC Meeting Previewed

*OW161114195 Tokyo MAINICHI SHIMBUN
in Japanese 16 Nov 95 Morning Edition p 2*

[FBIS Translated Text] Prime Minister Tomiichi Murayama held consultations with Secretary General Wataru Kubo of the Social Democratic Party of Japan [SDPJ] on the evening of 15 November, and it was decided that Murayama will attend the meeting of SDPJ's three top executives scheduled for 16 November. Since confrontations over such issues as the procedures and

schedule for forming a new party have continued within the party, there is growing dissatisfaction within the party and among SDPJ-supporting labor unions too. It is maintained that "no consultations at all have ever been held between the prime minister and Mr. Kubo." As a result, it has been decided that the prime minister will attend the Central Executive Committee [CEC] meeting in between his busy diplomatic schedules connected with the Asia-Pacific Economic Cooperation (APEC) forum.

Since his assumption of the post as prime minister, it has been rather unusual for Murayama to attend party meetings. What lies behind this decision is the intraparty row over the new party issue. A "preparatory committee for forming a new party" was set up on 10 November as the parent organ for forming a new party, aiming at "forming a new party in mid December." However, the group supporting the prime minister and local party organizations are opposed to the establishment of the preparatory committee under the leadership of the Kubo-supporting group. In opposing the plan, they maintain that "it will merely end up as 'reproduction through reduction' [indicating formation of a new party by downsizing the party]," and that "more time should be spent on seeking the possibility of joining forces with such parties as Sakigake [Harbinger]." They also maintain that "the prime minister himself has informed them of the same idea," (according to a senior party leader.) It is maintained that "the prime minister's ideas have not been reflected in the party management," and a growing demand has been voiced for the prime minister to attend the party's CEC sessions.

On the other hand, strongly prevalent among the group advocating formation of a new party — the group supporting Secretary General Kubo, is the view that "there should be no further postponement," (as stated by a senior party leader). Kubo and his group hope that the prime minister will once again state at the CEC meeting that "the new party should be formed by the end of the year." The move also aims at checking the opinion cherished by the group supporting the prime minister that "the party congress should be held in January to decide on putting off the formation of a new party."

No General Election Until May 1996 Predicted

*OW1511143595 Tokyo KYODO in English
1418 GMT 15 Nov 95*

[FBIS Transcribed Text] Tokyo, Nov. 15 KYODO — A senior Liberal Democratic Party lawmaker predicted Wednesday [15 November] no general election will come until May next year, at the earliest.

Taku Yamasaki, who heads the party's policy affairs research council, told reporters the dissolution of the House of Representatives is unlikely to come until bills for the fiscal 1996 budget pass the Diet.

The government should not create a political vacuum at the moment by calling a snap poll because the nation's economy is still sluggish, he said.

Diplomacy of Murayama Regime at APEC Previewed

*OW1611015595 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 12 Nov 95 Morning Edition p 2*

[Article by political reporter Akihiko Miyamoto]

[FBIS Translated Text] The Murayama government's diplomacy has come to a deadlock before the unofficial summit of the Asia-Pacific Economic Cooperation (APEC) forum, the largest diplomatic event for the administration. The deadlock is well illustrated in the recent problem caused by controversial remarks by Takami Eto, director general of the Management and Coordination Agency, which may make cancellation of the 18 November Japan-ROK summit meeting unavoidable. The administration also faces difficulty in coordinating policies of the three ruling parties of the coalition government and forming a new party proposed by the Social Democratic Party of Japan [SDPJ]. Because the government has used claptrap diplomacy to settle things only temporarily, it is now forced to pay.

Hosting the APEC summit, which all Asia-Pacific leaders will attend, has been a heavy task from the beginning for Prime Minister Tomiichi Murayama, "who would feel ill at ease even at a dinner party" (an official close to Murayama said). Although the APEC summit gives Murayama a good chance to regain popularity for his government, there are no indications that he has made earnest efforts for the meeting's success. Only the timing of his resignation has been talked about.

The only diplomatic task the prime minister tackled earnestly was resolving postwar issues on the 50th anniversary of the war's end, in particular settling post-war problems between Japan and other Asian countries. Soon after taking office, Murayama visited South Korea last July and four Southeast Asian countries the next month. In August this year he went to China, after delaying a long time due to opposition to Beijing's nuclear testing. To complete the task, the prime minister issued a statement 15 August on Japan's past colonial rule and aggression, admitting "Japan's mistaken national policy" in the past.

Meanwhile, on the initiative of the Liberal Democratic Party [LDP], the Murayama government extended rice aid to the DPRK (North Korea) and made efforts toward resuming talks with Pyongyang on normalizing diplomatic ties. If South Korean feelings toward Japan are considered, it can be said that Japan was walking on very thin ice. However, despite such efforts, Murayama has been forced to try again to improve relations with the DPRK, after his remark at the Diet that "the Japan-Korea Annexation Treaty was concluded in a legally valid way" and after Eto's controversial remarks angered Pyongyang.

Inconsistent Nuclear Policy

Japan-PRC relations are taking a similar path. Recently, Sakigake [Harbinger] Head (and Finance Minister) Takemura Masayoshi participated in a protest rally against France's nuclear testing. Reflecting the ruling parties' opposition to nuclear tests, the government has frozen grants-in-aid to China. However, in a statement recently submitted to the International Court of Justice, Tokyo was noncommittal about whether using or threatening to use nuclear weapons violates international law. The statement only revealed to the nation and the world "inconsistency in Japan's nuclear policy." As pointed out by China and France, Japan has admitted it is under the U.S. "nuclear umbrella" on one hand and opposes nuclear testing on the other.

In the Murayama coalition government, the LDP has taken the initiative in DRPK issues while Sakigake has been tackling nuclear problems. Meanwhile, the SDPJ has spearheaded efforts to settle Okinawa's military bases issue. Following the rape of a schoolgirl, allegedly by U.S. servicemen stationed in Okinawa, the party has raised strong voices urging "revision of the Japan-U.S. Status of Forces Agreement" and "reduction of U.S. military bases on Okinawa." However, the great gap between what the SDPJ proposes and what the government offers to settle the bases issue has infuriated Okinawa. Since the prime minister visited Washington at the beginning of the year, Japan and the United States have been preparing to reconfirm the importance of their bilateral security arrangements. Yet Washington distrusts Japanese politicians because of their failure to explain to the Japanese people the significance of the Japan-U.S. security pact.

Negative Interaction

The Murayama government's diplomacy has failed because the ruling parties have no clear diplomatic policies and are troubled by intraparty problems. A government could leave diplomatic matters to the Foreign Ministry

Taku Yamasaki, who heads the party's policy affairs research council, told reporters the dissolution of the House of Representatives is unlikely to come until bills for the fiscal 1996 budget pass the Diet.

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The only diplomatic task the prime minister tackled earnestly was resolving postwar issues on the 50th anniversary of the war's end, in particular settling post-war problems between Japan and other Asian countries. Soon after taking office, Murayama visited South Korea last July and four Southeast Asian countries the next month. In August this year he went to China, after delaying a long time due to opposition to Beijing's nuclear testing. To complete the task, the prime minister issued a statement 15 August on Japan's past colonial rule and aggression, admitting "Japan's mistaken national policy" in the past.

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Negative Interaction

The Murayama government's diplomacy has failed because the ruling parties have no clear diplomatic policies and are troubled by intraparty problems. A government could leave diplomatic matters to the Foreign Ministry

under the relatively simple international order during the Cold War period, but it cannot do so now.

Some people claim, "Politicians have failed to indicate diplomatic blueprints." Others note, "The foreign affairs authorities are so busy dealing with diplomatic problems that they cannot pursue 'creative diplomacy.' They have shown only awkwardness in handling diplomatic issues." Because of "negative interaction" between politicians and bureaucrats, Japanese diplomacy is aimless and deadlocked.

Until recently, some in the ruling coalition argued that Prime Minister Murayama should resign after the APEC summit. However, that call has rapidly diminished because of delays in forming the SDPJ's proposed new party and the ruling parties' preparations for coming elections.

If the planned Japan-ROK summit is postponed and if U.S. President Bill Clinton cancels or shortens his visit to Japan, it will further spur the argument that "the Murayama government has reached its limit." Because of the diplomatic deadlock, calls for the prime minister to resign after the APEC summit may come up again.

North Korea

Spokesman Denounces U.S. Senate Resolution
SK1511232295 Pyongyang Korean Central
Broadcasting Network in Korean
2110 GMT 15 Nov 95

[Statement by a spokesman for the DPRK Foreign Ministry issued on 15 November; place not given — read by announcer]

[FBIS Translated Text] On 15 November, a spokesman for the DPRK Foreign Ministry issued the following statement in relation to a so-called resolution adopted by the U.S. Senate urging North-South dialogue.

The statement issued by a spokesman for the DPRK Foreign Ministry:

On 10 November, the U.S. Senate reportedly adopted a so-called resolution urging North-South dialogue. The resolution heaped abuse on us as if we are to blame for the failure of progress in North-South relations and maintained that inter-Korean relations must first be improved in order to promote DPRK-U.S. relations.

It is a very ill-boding movement that the U.S. Senate, in their resolution, arbitrarily distorted the fundamental problem of North-South relations and raised inter-Korean dialogue as a precondition for improving DPRK-U.S. relations in a far-fetched manner.

In light of the seriousness of the evil consequences that will be brought about by the recent resolution, we can

not respond to this in a casual manner [urinun kugosul kyolko musimhui taehalsu opta].

The current environment in South Korea is not fit for dialogue, nor is there a partner to hold a dialogue with in South Korea.

Due to the South Korean authorities' unreasonable position and attitude, current inter-Korean relations are all the more aggravated than at any time since the DPRK-U.S. agreed framework was adopted, and are faced with a serious phase of confrontation.

As everyone knows, the United States and South Korean authorities are endlessly staging large joint military exercises for northward invasion, such as Foal Eagle-95 joint military exercise, which is a replica of the Team Spirit joint military exercise. In addition, at the South Korea-U.S. Annual Security Consultative Meeting, the two sides agreed to hold a U.S.-South Korea joint military exercise every year.

The South Korean authorities concocted a series of smear campaigns, such as the armed spy infiltration case which does not even exist, viciously waging anti-Republic confrontation commotions. They also arrested and detained Presbyter Pak Yong-kil, a grandmother of reunification, and Chong Min-chu and Yi Hye-chong, birds of hope for reunification, all of whom recently visited Pyongyang, on charges of violating the National Security Law. What is more, the current power holder in South Korea said that reunifying the country under a liberal democratic system is his goal and dream, and that there is no need to expedite inter-Korean relations, thus revealing his intention not to hold North-South dialogue.

As has been clearly revealed in the aftermath of the secret fund scandal, the South Korean ruling circles are corrupt and irregular elements who are not interested in improving inter-Korean relations nor the reunification issue, but who are blinded by self-interest and a greed for power. Sitting face to face with such filthy figures, who are criticized and refuted by the South Korean people and the world's social circles, is an insult to dialogue and an opposition to the nation's will.

The United States is well aware of this situation better than anyone else.

It was agreed that inter-Korean dialogue would be resumed according to the situation created by the implementation of the DPRK-U.S. agreed framework. However, not even the light-water reactor provision agreement, which is the key point of the framework agreement, has yet been concluded due to the unreasonable stand of the United States, even though more than a year has passed since the agreement was adopted.

Under such a situation, the United States is obsoletely pursuing a confrontation policy based on the Cold War concept of hostility and its one-sided policy toward South Korea, raising inter-Korean dialogue as a precondition for improving DPRK-U.S. relations. This will create complexity and difficulty in only not inter-Korean relations, but also in the prospect for DPRK-U.S. relations.

This will not be beneficial to any side.

The recent resolution that urges us to have dialogue with the South Korean puppets, who do not want dialogue but who doggedly oppose the improvement of DPRK-U.S. relations, shows that the U.S. Congress is dancing to the tune of the fierceness and filthy maneuvers of the South Korean authorities, who scheme to meddle with the implementation of the DPRK-U.S. agreed framework and DPRK-U.S. relations, and who fish in troubled waters in political terms.

If not, there is no reason whatsoever for the United States to place blame on us, who is sincerely implementing the agreed framework by sacrificing our independent nuclear power and by freezing nuclear facilities.

If the irresponsible stand of the U.S. Congress becomes fixed as a policy of the U.S. Administration, if inter-Korean dialogue is continuously raised as a precondition for improving bilateral relations pursuant to the DPRK-U.S. agreed framework, and if North-South dialogue is abused as an expedient for political pressure on us, it may endanger the hard-won agreement itself.

In that case, we will have no alternative but to take appropriate measures because we do not live by the DPRK-U.S. agreed framework and because failure to implement it would have no ill effects on us [irokketoe-nun gyongu urinun chomi kibon habuimure myongjul kolgoinnun gottoanigo kugosi ihaengandoedo na-pulgozi hanado omnun chogoneso kue haedanghan tac-ungchaegui kangguhaji annulsu opsulgosida].

Daily Comments on Military Technology Exchange
*SK1611091795 Pyongyang KCNA in English
0816 GMT 11 Nov 95*

[FBIS Transcribed Text] Pyongyang, November 16 (KCNA) — Recently the Japanese Defense Agency and the U.S. Defense Department reportedly agreed to transfer to the United States Japan's technologies concerning support fighters of the "Self-Defense Air Force."

NODONG SINMUN today says this goes to show that the Japan-U.S. arms technical cooperation is ever being strengthened.

In an article the paper says:

Through the cooperation the United States seeks to have a close access to Japan's military know-how, speed up the development and production of latest-type weapons and gain "upperhand," while Japan wants to become a military power for overseas expansion. What Japan seeks for the present is to raise the efficiency of the "Self-Defense Forces" and update their equipment.

The Japanese authorities also intend to massproduce new-type weapons with the backing of the U.S. for arms export.

The Asian peoples should keep their eyes wide open on the dangerous arms technical cooperation between Japan and the United States.

U.S.-ROK Joint Military Exercises Denounced

*SK1611082295 Pyongyang KCNA in English
0802 GMT 16 Nov 95*

[*"War Game at Its Height and Military Provocations"* — KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 16 (KCNA) — The U.S. imperialists and the South Korean puppets conducted joint air war exercises and "95 Combined Exercise Against Infiltration" on Monday and Tuesday, as part of the criminal "Foal Eagle 95" military exercise, which is being staged at its height, military sources said.

Participating in the joint air military exercises, which were held day and night in the sky above the western sector of the front, were more than 730 overseas-based fighter-bombers, assault planes, reconnaissance planes and large transport planes.

On Tuesday, over 50 fighter-bombers and assault planes were sent to the sky above the central sector of the front to conduct a striking exercise for support to ground attacking units. And helicopter gunboats of the puppet Army had a drill of missile strike on targets of the DPRK, flying at a ultra-low altitude.

The South Korean puppets staged an Army-police joint search operation and other exercises in cooperation with civilian-government officials throughout Seoul under the signboard of "95 Combined Exercise Against Infiltration", reminding the people of a real war.

According to military sources, the South Korean puppets illegally introduced "vulkan" cannons into the Demilitarized Zone (DMZ) of western and central sectors of the front and held ball-firing exercises under our eyes on Tuesday.

Meanwhile, above 50 puppet Army soldiers fully armed with machine guns and automatic rifles kicked up a war hysterical row in the DMZ. The puppets also brought into the DMZ 20 odd military vehicles fully loaded with armed soldiers and combat equipment.

South Parties Battle Over No Scandal

*SK1511095395 Pyongyang KCNA in English
0835 GMT 15 Nov 95*

[FBIS Transcribed Text] Pyongyang, November 15 (KCNA) — South Korea's opposition parties and the "Democratic Liberal Party" are criticising one another over the slush fund scandal of the traitor No Tae-u, a radio report from Seoul said.

The Democratic Party issued a statement on November 11, saying that only when the people see a thorough investigation into No Tae-u's secret funds running into hundreds of billions of won, can the political situation be changed and stabilized.

It demanded both the "Democratic Liberal Party" (DLP) and the "National Congress for New Politics" (NCNP) make public the "government" transfer fund and the "fifth republic" liquidation fund and apologize to the people.

On that same day, the "NCNP" urged the traitor Kim Yong-sam to open to the public the "presidential election" campaign fund. It announced that it would conduct "propaganda activities among the people" concerning the scandal around inaugural meetings of district party committees beginning November 16.

The secretary general of the "DLP" on November 10 and 11 urged the "NCNP" to clarify the truth, saying that Kim Tae-chung is suspected of having received funds at the time of the inauguration of the party for peace and democracy and in return for delay of mid-term judgement.

Kwangju Solution Prerequisite to Democracy

*SK151105995 Pyongyang KCNA in English
0902 GMT 15 Nov 95*

[*"Solution to Kwangju Issue Is Prerequisite to Democratization of South Korean Society and National Reunification"* — KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 15 (KCNA) — NODONG SINMUN today carries a signed article headlined "Solution to Kwangju Issue Is Prerequisite to Democratization of South Korean Society and National Reunification".

To settle the Kwangju issue means to probe the truth behind the Kwangju bloodbath committed by Chon Tu-

hwan and No Tae-u military fascist bandits in May 1980 and punish the ring leaders of the murder and thus, vent the deep-seated wrath of the South Korean people and realize the desire of the Kwangju resistance fighters for independence, democracy and reunification.

The article says:

The solution to the Kwangju issue is essential for democratisation of South Korean society and national reunification because it is a matter to fundamentally terminate the murderous fascist suppression which blocks the democratic development of South Korean society and national reunification and because without its settlement it is impossible to put an end to the fascist dictatorial politics which tramples down the freedom and right of the people and interrupts reunification in South Korea.

Remaining an onlooker to the solution of the Kwangju issue is entirely as good as denying evil influence on democratisation of South Korean society and the development of the reunification movement, and covering up the high treason committed by the military dictators of the "fifth and sixth republics".

When the truth behind the Kwangju incident is probed and its culprits punished, such massacre as the Kwangju bloodbath most horrible ever seen in national history can be fundamentally liquidated and the way of democratisation of South Korean society and national reunification be opened.

Through the Kwangju genocide the foundation to revive the military fascist dictatorship was laid on which the notorious military dictatorship of the "fifth republic" set up and then, the "sixth republic" and the present, unprecedentedly heinous "civilian" dictatorship.

As it is clear that the truth behind the Kwangju incident can neither be probed nor can principal culprits be punished any time without a dynamic struggle to put an end to the fascist murderous rule of the Kim Yong-sam group, the South Korean people should continue the struggle to overthrow the Kim Yong-sam fascist clique.

South Minister's Visit to Israel Denounced

*SK1611034795 Pyongyang KCNA in English
0251 GMT 16 Nov 95*

[*"Traitor's Groundless Charge"* — KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 16 (KCNA) — The South Korean puppet prime minister, who attended the funeral for the late Israeli prime minister, met with Israel's acting prime minister and called for "joint measures" to cope with the fictitious "missile export by North Korea." This is what can be

done only by the South Korean puppets, a group of fascists who have no sense of elementary ethics and morality and do not mind their p's and q's.

NODONG SINMUN says this in a commentary today.

His groundless charge against the North of Korea over "missile export" is, indeed, a shameless act like the guilty party filing the suit first and is a sophism aimed at justifying the anti-national bellicose moves of the puppets, who are driving the situation of the country to the brink of war by staging the anti-North war gamble, codenamed "Foal Eagle 95," with outside forces.

Now in South Korea the slush fund scandal of No Tae-u, the dictator of the "Sixth Republic," has been disclosed, causing a serious social and political confusion.

Nevertheless, the puppets slandered the north of Korea even in other country's funeral, revealing their sinister intention to impair the North's high international authority and prestige, mar its dignity, drive a wedge between the DPRK and Arab nations and justify South Korean political and military tieup with Israel.

No matter how maliciously the Kim Yong-sam group may abuse the north, can they never defame the North and cover up their treacherous nature.

Israel must know that it will get nothing good in favoring the anti-north confrontation policy pursued by the Kim Yong-sam group, who have become a target of ridicule and denunciation by the South Korean people and the unbiased public opinion of the world.

Radio Reports on Army's River-Crossing Exercise

SK1511051295 Pyongyang KCNA in English
0416 GMT 15 Nov 95

[**"Military Exercise Against North" — KCNA headline**]

[FBIS Transcribed Text] Pyongyang, November 15 (KCNA) — The South Korean puppets staged a "river-crossing equipment mobile exercise" against the North at an army unit in the upper reaches of the Han River, a Seoul-based radio reported on Monday [13 November].

They announced that through the exercise they "confirmed the preparedness for quick support to river-crossing operation in case of emergency."

Spokesman on Attempts To 'Distort' History

SK1611063495 Pyongyang KCNA in English
0605 GMT 16 Nov 95

[**"Foreign Ministry Spokesman Urges Japan To Admit Historical Fact and Apologize" — KCNA headline**]

[FBIS Transcribed Text] Pyongyang, November 16 (KCNA) — A spokesman of the Foreign Ministry of

the DPRK issued a statement today denouncing the Japanese Government authorities for making remarks one after another to distort the history of aggression of Japanese imperialism.

The spokesman said:

Takami Eto, chief of the Management and Coordination Agency of Japan, said some time ago that Japanese imperialism "did some good things" in Korea in the past. His remarks caused a big stir at home and abroad and he was dismissed. Earlier, Japanese authorities imprudently said that the "Korea-Japan Annexation Treaty" was signed legitimately according to agreement of both sides.

Facts show that in the "Diet resolution" and the "prime minister's statement" the Japanese Government made a false reflection on the past and that a modern version of the "theory of the conquest of Korea" is overtly taking shape in Japan.

The Japanese authorities' attempt to revive the militaristic ghost is anachronistic.

They should look squarely at the changed situation and act with discretion.

Korea today is not what it was yesterday.

Japan should give up a daydream and honestly admit and apologize for the historical facts that it cannot cover up nor distort. This will be useful for the restoration of international confidence in it.

Today the two peoples of the DPRK and Japan hope for the normalisation of diplomatic relations between the two countries. While crying for the improved relations between the DPRK and Japan, however, the Japanese authorities make utterances, which are meant to beautify and justify the history of aggression and occupation of Korea. On the question of establishing diplomatic relations between the DPRK and Japan, they fail to make a bold decision, reading the mind of the South Korean authorities.

Their act makes us doubt their ulterior intention.

We will follow the attitude of the Japanese Government.

Groups Denounce Remarks on Korea by Japan's Eto

SK1611084495 Pyongyang KCNA in English
0806 GMT 16 Nov 95

[FBIS Transcribed Text] Pyongyang, November 16 (KCNA) — The Japan Committee for Supporting the Independent and Peaceful Reunification of Korea and

Japanese public figures made public statements denouncing the boloney of Takami Eto, chief of the Management and Coordination Agency of Japan.

The Japan Committee for Supporting the Independent and Peaceful Reunification of Korea in the statement said:

Some cabinet members resigned for their reckless remarks about Japan's colonial rule over Korea. But, cabinet members who make such remarks appear one after another, which is unpardonable.

Although they withdrew their utterances, they cannot shirk their responsibility for them. With such wrong understanding of history genuine Japan-Korea friendship cannot be forged and the establishment of the Japan-DPRK diplomatic relations, which the people have wanted for a long time, is like "a painted cake" pie in the sky.

Jiro Suzuki, honorary professor at the Tokyo Metropolitan University, had this to say:

Eto's assertion that colonial rule had a good point is nothing but a gangster-like logic.

It is a disgrace to the Japanese people that such a person engages himself in state affairs.

Keiko Tsuwa, chairwoman of the Japan's Women's Council, said:

The argument that "They could not but obey demands because they were weak", literally, means that the "Japan-Korea annexation treaty" was forced by strength. It also indicates that Japan deprived Korea of territory, rice, culture and human dignity and lives by strength.

Eto's reckless remarks are a balderdash like a thief crying "Stop thief!"

KCNA Views Resignation of Japan's Eto
*SK1511045295 Pyongyang KCNA in English
0312 GMT 15 Nov 95*

[*"Disgraceful End of Militarist"* — KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 15 (KCNA) — The director general of the Management and Coordination Agency of Japan, Takami Eto, resigned on November 13 with himself coming under fire in Japan and abroad for his remarks justifying the Japanese imperialists' aggression of Korea and colonial rule over the country, according to a media report from Tokyo.

On October 11, he told reporters that the "Japan-Korea Annexation Treaty" was a "result of international relations based on strength" at the time and "Japan did some good things" during its colonial rule over Korea.

His brazen-faced sophism, which embellished the blood-stained history of Japan, sparked a storm of bitter resentment among the Korean people and invited strong protest and denunciation from peoples of Japan and other nations.

This situation compelled him to quit office.

The Japanese reactionaries must give up the anachronistic militarist ambition, clearly mindful that the revival of militarism will bring them to destruction.

Daily Urges Japan To Atone for 'Crimes'

*SK1611032895 Pyongyang KCNA in English
0247 GMT 16 Nov 95*

[*"Japan Cannot Be Freed From Enemy Clause"* — KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 16 (KCNA) — NODONG SINMUN today says Japan cannot free itself from the term "enemy state" until it atones for its crimes.

At the ongoing 50th UN General Assembly session, Japan and some other nations are demanding that the term "enemy state" be deleted from the UN Charter on the grounds that the enemy clause is outdated.

In this regard the paper says in a commentary that the UN Charter's defining Japan as an "enemy state" is what Japan deserves for its past crimes and is aimed at making Japan liquidate the crimes and refrain from such crimes.

If Japan is to free itself from the term "enemy state," it should actually show all the people that it has the qualification to cleanse its dishonor.

Japan inflicted immeasurable misfortune and sufferings on humankind. But it has failed to liquidate its blackest crimes. This bespeaks that the obligation levied on Japan when the enemy clause was defined has never been discharged.

In particular, Japan admits none of the crimes committed by the Japanese imperialists after invading and occupying Korea.

The clause calling Japan an "enemy state" cannot be removed because it is a crucial matter concerning peace and security of humankind.

Japan is a root cause of another irrevocable disaster which may be brought to humankind. Freeing Japan from the enemy clause will result in further fostering the root cause.

Japan must do what it has to do before trying to take itself out of the enemy clause. What it has to do is

to frankly repent of its crime-woven history and make an honest apology and adequate compensation for the crimes. Only then, can Japan win confidence from Korean and other Asian peoples and make a new starting of history.

Russians Write, Publish Poems Praising Kims
SK1511095595 Pyongyang KCNA in English
0838 GMT 15 Nov 95

[FBIS Transcribed Text] Pyongyang, November 15 (KCNA) — The Qaleya Publishing House of Russia brought out a collection of poems "Wise Leader-Happy People" on the occasion of the 50th anniversary of the Workers' Party of Korea. Printed in the collection is a picture of the great leader President Kim Il-song and the great leader Comrade Kim Chong-il standing on Mt. Paektu.

It consists of the preface and 34 poems written by 14 Russian poets in praise of President Kim Il-song and Comrade Kim Chong-il including epics "Young General Kim Il-song" and "Kim Chong-il, the Strongest Man".

The preface of the collection said that the history of modern Korea is unthinkable apart from Comrade Kim Il-song, the great creator, and sagacious Comrade Kim Chong-il, his successor, and the Russian people would always remember the exploits of the Workers' Party of Korea which taught the truth that man is sure to win if he relies upon his mental and moral traditions in the most rigorous period.

Daily Observes Syrian Anniversary
SK1611032595 Pyongyang KCNA in English
0255 GMT 16 Nov 95

[*"25th Anniversary of Corrective Movement in Syria Observed"* — KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 16 (KCNA) — NODONG SINMUN today dedicates an article to the 25th anniversary of the Corrective Movement in Syria (November 16, 1970).

In the past 25 years since the movement, the Syrian Arab people have defended the sovereignty and dignity of the country and striven for the prosperity of the country, frustrating the ceaseless aggression and intervention moves of the imperialists and Zionists, under the guidance of the Arab Socialist Baath Party headed by President Hafiz al-Asad, the paper says, and continues:

The struggle of the Syrian Government and people to retake the occupied Arab lands and achieve a durable peace in the Mideast region enjoys support from the Arab people and the progressive people of the world.

Syria maintains the principled stand to fairly settle the Mideast problem on the "principle of replacing territories for peace."

President Hafiz al-Asad in a recent address declared: "We will not assent to any solution which does not conform with our demand and impairs our dignity. Syria does not beg for peace apart from the principle."

The Korean people are sincerely rejoiced over the great achievement made by the Syrian Arab people in the building of a new life under the uplifted banner of independence against imperialism, and extend firm solidarity with them in their just cause to retake the occupied Arab territories including Golan Heights and realize territorial integrity.

The Korean people believe that Korea-Syria friendship forged on the road of the worthwhile struggle for anti-imperialist independence, peace and progress will grow stronger and develop in the future in keeping with the common desire of the two peoples.

The Syrian people's just cause will be realized without fail.

Friendship Gathering Marks Syrian Anniversary
SK1611034695 Pyongyang KCNA in English
0242 GMT 16 Nov 95

[FBIS Transcribed Text] Pyongyang, November 16 (KCNA) — A friendship gathering took place here on Wednesday [15 November] on the occasion of the 25th anniversary of the Corrective Movement in Syria.

Invited to the gathering were Anwar al-Fadel [spelling of name as received], charge d'affaires ad interim of the Syrian Embassy in Pyongyang, embassy officials and Syrian students studying in Korea.

Present there were Chon Yon-ok, vice-chairperson of the Korean Committee for Cultural Relations With Foreign Countries and vice-chairperson of the Korea-Syria Friendship Association, and officials concerned.

Vice Premier Meets New Gabonese Ambassador
SK1511100295 Pyongyang KCNA in English
0930 GMT 15 Nov 95

[FBIS Transcribed Text] Pyongyang, November 15 (KCNA) — Kim Yong-nam, vice-premier and foreign minister of the DPRK, today met and had a talk with the new Gabonese Ambassador to Korea Joseph Obiang Ndoutoume, [name as received] who paid a courtesy call on him.

Kim Chong-il Sends Books to Study House

SK1611033995 Pyongyang KCNA in English
0240 GMT 16 Nov 95

[FBIS Transcribed Text] Pyongyang, November 16 (KCNA) — The great leader Comrade Kim Chong-il sent fifty copies of newly-published "Financial Dictionary" to the Grand People's Study House.

The books sent by Comrade Kim Chong-il to the house on 39 occasions this year numbered more than 1,860 copies of 1,400 kinds.

Among them are socio-political books, technical engineering books on electronics, mining and coal industries and construction and literary and art books.

Comrade Kim Chong-il sends a large number of books, materials on latest science and technology and video tapes every year, saying that the Grand People's Study House, a social educational centre where all people study and a correspondent university, should have all kinds of books in the world.

WPK Sends Reply Messages to Foreign Parties

SK1511100595 Pyongyang KCNA in English
0844 GMT 15 Nov 95

[Names of parties, party leaders as received]

[FBIS Transcribed Text] Pyongyang, November 15 (KCNA) — The Central Committee [C.C.] of the Workers' Party of Korea [WPK] sent messages to parties and party leaders of different countries in reply to their greetings on the party's 50th birthday.

The messages were sent to the Central Committee of the Lao People's Revolutionary Party; Youssef Faisal, general secretary of the C.C., Communist Party of Syria; the Central Committee of the Palestine Revolutionary Communist Party; the leadership council of the Arab Islamic Democratic Movement of Jordan; the Central Committee of the Communist Party of India (Marxist); the Central Committee of the Revolutionary Socialist Party of India; the Central Committee of the Mozambique Liberation Front Party; Majhamsouty Diop, Chairman of the C.C., African Independent Party of Senegal; the Central Committee of the Zimbabwe African National Union-Patriotic Front; the Central Committee of the Norwegian Communist Party; Chairman Sulbeig Omdal and International Secretary Arnljot Ask of the C.C., Workers Communist Party of Norway; Vassalo Anthony, general secretary of the C.C., Communist Party of Malta; Ludo Martens, chairman of the C.C., Belgian Labour Party; Jean Spielmann, national president of the Workers' Party of Switzerland; Yrjo Hakanen, chairman of the C.C., Communist Party of Finland; the Council of the Lefist League of Finland; the Central Committee

of the Communist Party of Greece; Eric Trevett, general secretary of the C.C., New Communist Party of Great Britain; the Central Committee of the Britannic Communist Party; Fausto Bertinotti secretary general of the Communist Real Establishment Party of Italy; the Federal Committee of the Spanish Communist Party; the Central Executive Committee of the People's National Congress of Guyana; the Central Committee of the Communist Party of Guadeloupe; the Central Committee of the People's Party of Costa Rica; and general secretary Paoricio Echegaray and International Secretary Rina Bertaccini of the C.C., Communist Party of Argentina.

In the messages the WPK Central Committee hoped that the friendly and cooperative relations between the WPK and those parties and between the Korean people and peoples of their countries would strengthen and develop in the struggle against imperialism and for independence, peace and socialism. And it wished them greater success in their efforts to strengthen and develop their parties.

Meeting Marks WPK Publishing House Anniversary

SK1611031395 Pyongyang KCNA in English
0300 GMT 16 Nov 95

[FBIS Transcribed Text] Pyongyang, November 16 (KCNA) — A meeting to mark the 50th anniversary of the foundation of the Workers' Party of Korea [WPK] Publishing House was held here on Wednesday [15 November].

Taking part in the meeting were Politburo member of the WPK Central Committee and Vice-President Yi Chong-ok, leading officials of press organs, journalists and editors in Pyongyang.

The WPK Central Committee in a congratulatory message recalled that the great leader Comrade Kim Il-song founded the Workers' Party of Korea publishing house on October 23, 1945 and that the publishing house has made great contributions to the fatherland and the revolution under the wise guidance of the party and the leader over last 50 years.

The publishing house has resolutely defended Comrade Kim Il-song and the WPK ideologically and theoretically at each period and each stage of the revolution and construction and creditably safeguarded the party's ideological front, braving all sorts of challenges of the enemy within and without, the message says.

It highly praised officials, journalists and editors of the publishing house for the impressive achievements they have made with high sense of loyalty to the party and

the leader, in press propaganda activities in the past 5 decades.

The director of the publishing house, Yang Kyong-pok, pointed out in his report that Comrade Kim Il-sung had devoted tireless efforts with heart and soul to building up the publishing house firmly as a powerful press propaganda centre of the party as well as a base of ideological front.

The reporter said the publishing house is now faced with a heavy yet honourable duty to carry on more vigorous press activities as required by the party and the development of revolution, in line with the idea and leadership of the great leader Comrade Kim Chong-il, true to the behests of Comrade Kim Il-sung and holding aloft the militant tasks given in the congratulatory message of the WPK Central Committee.

A letter of pledge to Comrade Kim Chong-il was adopted at the meeting.

Seventh Plenary Meeting of LSWYK Held

*SK1511050095 Pyongyang KCNA in English
0403 GMT 15 Nov 95*

[**"7th Plenary Meeting of LSWYK Central Committee"**
— KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 15 (KCNA) — The 7th plenary meeting of the Central Committee of the League of Socialist Working Youth of Korea (LSWYK) was held on November 14.

The meeting discussed the tasks of the organisations of the LSWYK to carry through the tasks set forth in the historic work of the great leader Comrade Kim Chong-il "The Workers' Party of Korea Is the Party of the Great Leader Comrade Kim Il-sung", and "Let Us Accomplish the Revolutionary Cause of Chuche Under Banner of Great Party", a joint editorial of NODONG SINMUN, CHOSON INMINGUN and NODONG CHONGNYON.

Choe Yong-hae, chairman of the Central Committee of the LSWYK, made a report, which was followed by speeches.

The meeting stressed the need to strengthen and develop the LSWYK into a youth organisation of the party and the leader, a youth league of chuche, both nominally and virtually and further enhance the role of young vanguards and shock-brigade in the struggle to carry into practice the plan of the party and the leader for socialist economic construction.

The meeting laid emphasis on thoroughly implementing the tasks set forth in the work of respected General Kim Chong-il and in the joint editorial so as to

greet the 50th anniversary of the foundation of the LSWYK (January 1996) with a high degree of political enthusiasm and brilliant achievements in labour and successfully discharge the honorable mission and duty of the political reserves of the party.

South Korea

Kim, Clinton on Need To Send 'Strong' Message

*SK1611025295 Seoul YONHAP in English
0239 GMT 16 Nov 95*

[FBIS Transcribed Text] Seoul, Nov. 16 (YONHAP) — South Korean President Kim Yong-sam and his American counterpart Bill Clinton agreed in a telephone conversation Thursday morning on the need to send a "strong" message to North Korea.

Clinton telephoned Kim at 9:50 AM Korean Standard Time [0050 GMT] Thursday morning (7:50 PM Wednesday EST [Eastern Standard Time]) and expressed his view that both countries need to send a strong message to Pyongyang based on the allied relationship "unshakable under any circumstances" between Washington and Seoul, according to Presidential Spokesman Yun Yo-chun.

During the 15-minute-long telephone conversation, Kim responded, "In view of the latest developments in North Korea, I think it is important for South Korea and the United States to send a clearcut message to North Korea."

The matter will be discussed further between Kim and U.S. Vice-President Albert Gore during the upcoming Asia-Pacific Economic Cooperation (APEC) summit in Osaka, Yun said.

Clinton notified Kim in the conversation of his inability to attend the APEC summit due to what the American President called a domestic political crisis over the budget impasse with the Republican Congress.

Having said that he was sending Vice President Gore to the Osaka APEC summit in his place, Clinton asked Kim to understand the situation and expressed his hope to meet Kim in the near future.

"I do understand the current U.S. domestic situation," Yun quoted Kim as responding, "I do appreciate your affection and positiveness toward the APEC. I wished to discuss with you a number of important issues in Osaka, and it is regrettable that you cannot come."

Kim hoped that the issues facing Clinton would be resolved satisfactorily at an early date.

Daily Reports Initial Effects of Visa Suspension

*SK1611011995 Seoul THE KOREA TIMES in English
16 Nov 95 p 3*

[FBIS Transcribed Text] Visa processing at the United States Embassy in Korea was completely suspended at noon, yesterday, as a result of the shutdown of the U.S. federal government in the wake of the budget impasse.

All visa interviews previously scheduled for dates after Nov. 15 have also been canceled.

However, the embassy will attempt to complete action on visa applications and passports already submitted even with the closure of consular services, the U.S. Embassy in Seoul said yesterday.

It is impossible to predict when visa processing will be able to be resumed, the embassy spokesman said.

A reduced consular staff will be available to deal with emergency needs, including American Citizen Services.

With the suspension of the U.S. Embassy operation, airlines and tourists agencies were flooded with calls from desperate persons canceling flights and inquiring about other tour schedules yesterday.

Those bound for the U.S. placed calls for refunds for their air fares, a Korean Air spokesman said yesterday.

KAL and Asiana hurriedly formed task forces to handle the surging demand for rescheduling of flight schedules and cancellation of seat reservations.

Of the thousands of seat reservations for U.S. destination this month, more than one third are expected to be revoked, KAL spokesman said.

Those applying for admission to American schools are now being forced to change their schedules for departure, while businessmen were hurriedly contacting their American counterparts about their visit schedules.

Korea Tourist Bureau in Seoul said that it has submitted visas for 220 persons, including 120 college students, heading for the U.S. for language courses. The agency is expecting more than 100 to cancel.

Another tourist agency tentatively decided to suspend its recruitment of U.S. tourists until the end of this month.

The unprecedented havoc in the U.S. visa issue is also forcing would-be honeymooners to Hawaii and Guam to drop their trip plans.

U.S., Other Firms Compete for Plane Project

*SK1611022195 Seoul THE KOREA TIMES in English
16 Nov 95 p 8*

[Report by staff reporter No Chun-hon]

[FBIS Transcribed Text] American and European companies are lobbying for a role in the Korea-China mid-size passenger plane development project, in some cases through the heads of state of their countries.

Officials at the Ministry of Trade Industry and Energy said yesterday that the competition among Boeing McDonnell Douglas [MD] and a European consortium is heating up as the details of the projects become finalized.

They said Korea and China agreed this week in a meeting of top trade officials from the two countries to set up a company to manage the project by next January at the latest.

Against this background, the three Western parties are utilizing all their resources to win the right to supply the technology needed for the project, which will see the first plane roll out by the end of the century.

According to the MOTIE officials, lobbying is being carried out at virtually all levels and even French President Jacques Chirac and British Prime Minister John Major have voiced their interest in the project.

They said Major recently wrote to the Korean government, seeking cooperation and explaining the readiness of the European consortium, headed by Aerospatiale, to transfer its technology.

Chirac also reportedly made reference to the project in his summit meeting with President Kim Jong-sam in New York during the celebrations for the 50th anniversary of the U.N.

At the corporate level, MD chairman John McDonnell Jr. visited last month and met with Vice MOTIE Minister Pak Un-so to discuss the possibility of his company's participation in the project.

As for Boeing, Dick James, president of SMA [expansion not given], the division which is responsible for mid-size planes, has visited a number of times to seek closer cooperation with Samsung Aerospace and Korean Air, the two main players on the Korean side.

MOTIE officials said the main reason for the strong interest in the project is the expectation that more than 3,000 passenger planes with seating capacities of about 100 will be needed over the next 20 years.

However, a number of details of the project, including the site for the assembly of the planes, have yet to be

decided and negotiations at the private and government level are still underway.

Concerning the third party in the project, insiders said there is a high possibility that Boeing will be selected based on its suggestions for technological transfer and equity participation.

U.S. Semiconductor Counselor Urges Cooperation

*SK1611034495 Seoul YONHAP in English
0219 GMT 16 Nov 95*

[FBIS Transcribed Text] Seoul, Nov. 16 (YONHAP) — Alan Wm. Wolff [name as received], former U.S. deputy special trade representative with the rank of ambassador, on Thursday called for Korea-U.S. inter-industry cooperation in a number of key areas such as technology, tariff-free trade and antidumping.

Wolff, presently counselor to the U.S. Semiconductor Industry Association (SIA), made the urge while giving a lecture at the U.S.-Korea High Technology Forum held at the Korea Foreign Trade Center. He is here at the invitation of the Korean Semiconductor Industry Association (KSIA).

Wolff pointed to areas of potential friction in Korean-American bilateral trade relations: intellectual property, targeting, free flow of capital and foreign investment.

He also looked to the future of the semiconductor industry and the world trading system in the forum on "Korean and American interests in Asia-Pacific Economic Cooperation (APEC) and the emerging world trading system."

Currently a managing partner of Dewey Ballantine in Washington, D.C., Wolff stated that the KSIA and SIA should evolve common objectives for progress to be made within the APEC context.

"Our goal should be that this region is tariff and barrier free for our products and those of our suppliers and our customers by the year 2000," he said, adding, "this is not an unreachable objective."

Foreign Minister Interviewed on APEC Meeting

*SK1511142995 Seoul MAEIL KYONGJE SINMUN
in Korean 14 Nov 95 p 7*

[Interview with Foreign Minister Kong No-myong by MAEIL KYONGJE SINMUN senior reporter Kim Sok-kyu; date, place not given]

[FBIS Translated Text] [Kim Sok-kyu] What is the biggest issue in the upcoming Asia-Pacific Economic Cooperation (APEC) ministerial meeting to be held in Osaka, and what is the ROK Government's position on this issue?

[Kong No-myong] The biggest issue is whether to recognize the diversity of each country and adopt discriminatory measures against so-called "sensitive areas" in the course of achieving trade and investment liberalization. Some countries assert that based on the Bogor Declaration, advanced countries should achieve unexceptional liberalization in all areas by 2010, and developing countries by 2020, while others demand special consideration for "sensitive areas."

In particular, those countries that export agricultural products, such as the United States, Canada, and Australia, and those countries with weak competitiveness in the agricultural field, such as the ROK, Japan, the PRC, and Taiwan, are in acute disagreement over the agricultural market. The ROK Government has accepted the principle that the liberalization of trade and investment should be comprehensively achieved in all fields. However, the government's position is that proper consideration should be given to such sensitive areas as the agricultural market. The government is exerting diplomatic efforts in order to reflect the position as much as possible.

[Kim] APEC is attempting to establish a new economic order in the Asia-Pacific region. However, each country has different interests, and it appears difficult to overcome minor regionalism within the region and achieve a new economic community. What is the role of the ROK?

[Kong] APEC advocates "open regionalism." APEC could be the Asia-Pacific region's alternative to such international economic blocs as the European Union (EU) and the North American Free Trade Agreement (NAFTA).

The ROK will actively participate in the liberalization of trade and investment among APEC member states to prevent higher trade barriers from minor regionalism within the region. In addition, the ROK could play the coordinator's role to adjust interests between minor regions or between advanced countries, such as the United States and Japan, and developing countries, such as the PRC and Mexico.

APEC is a strategic region that has absolute importance to the ROK's trade and investment. Actively participating in APEC's liberalization of trade and investment is in accordance with the ROK's globalization strategy, and is beneficial to the ROK economy and the strengthening of the security system as well.

[Kim] It might be a delicate question, but some believe the Asia-European summit scheduled for March 1996 is meant to contain the United States' hegemony in Asia. Is it a burden to the ROK, which must maintain close

relations with the United States, to actively participate in the meeting?

[Kong] The meeting is to complement East Asia-EU relations, which are comparatively weaker than relations between East Asia, North America, and the EU, the three pivots of the world economy. The development of relations between Asia and Europe is not to form another bloc or to restrain certain countries or regions. Thus, I do not see any problem for the ROK promoting this meeting along with APEC.

In addition, it is expected that agendas in the economic and political fields will be dealt with as less important agendas during the meeting. Therefore, I believe that there will be no reason for the United States to feel that the Asia-European Summit Meeting is its competing counterpart, and in reality it seems the United States is not that worried about this matter.

[Kim] The OECD has started screening work on our country becoming a member country. However, there are many people who are pessimistic that our country will become a member of the OECD by late next year, which is our primary targeted date. On the other hand, there are also many people who feel that there is no need to hurry about becoming a member country of the OECD.

Within the government, some working-level officials of the Ministry of Finance and Economy believe that there is no need to hurry over this matter, but the Foreign Ministry is of the opinion that we must join the OECD as scheduled. Therefore, it seems that there is discord over this matter between the ministries.

[Kong] At a time when the East European bloc countries such as Czechoslovakia and Hungary will join the OECD soon, it is natural for our country, which ranks 11th in the world in economic might, to join the OECD, which makes decisions on important regulations regarding world economic order.

There are some people who are worried that becoming a member of the OECD will lead to temporary opening of the capital market and financial service market, resulting in the kind of confusion in the financial capital market that Mexico experienced. However, since these will be opened step-by-step in accordance with our economic condition, I believe this is nothing more than baseless anxiety.

There are also views that on the one hand, the Ministry of Finance and Economy opposes the issue of our country joining the OECD, while the Foreign Ministry is favorable to it and, in fact, during the period of the former Economic Planning Board, promoted the work of our country joining the OECD as an important policy

task, and is currently playing an active role regarding its related policies and in adjusting the system.

[Kim] At the last ROK-U.S. automobile negotiations, it was pointed out that the Foreign Ministry and the Ministry of Trade and Industry were in discord on which ministry will take the initiative. With this as a lesson, there were claims that there should be a reorganization of the government's trade organization so we can effectively deal with foreign trade issues. What is your opinion on this matter?

[Kong] It is true that there was discord between the two ministries over the appointment of the senior delegate to the ROK-U.S. automobile negotiations, but there was no grave discord during the process of the negotiations.

To achieve success in trade negotiations, expertise is necessary in negotiating technology and in drawing up a written agreement based on long experience as well as professional knowledge of international trade law such as the regulations of the World Trade Organization. Since the end of the Cold War, the trend has been that various countries tend to pursue national interests to the utmost through integration of politics, security, and diplomacy, and economics, trade, and diplomacy.

To effectively secure national interests during this infinitely competitive period, I believe it is desirable in the long run for our country to establish a ministry of diplomacy and trade which will take charge of diplomatic and trade matters. There must be much discussion over this matter within the government. Countries such as Canada, Australia, New Zealand, Belgium, and the Scandinavian countries, which have a high degree of dependence on trade, as does our country, have already established ministries of diplomacy and trade, and in the case of the United States, the negotiating right in trade is carried out by the U.S. Trade Representative and the State Department, not the Commerce Department.

[Kim] Our country has become a nonpermanent member of the UN Security Council [UNSC]. Our responsibility in international society will become that much heavier. What is our role and plan for activities at the United Nations?

[Kong] As a leading member of the United Nations, we will participate in peacekeeping activities to resolve localized warfare; work to restrain expansion of murderous mass weapons; and promote the efficiency and transparency of UNSC operations. We will not lean to any side within the UNSC — neither Western advanced countries nor nonaligned countries — and will play the role of keeping a balance. Also, from the level of making contributions that correspond to our national

strength in international society, we plan to actively participate in the United Nations' economic development.

Last year, the scale of our country's official development assistance toward developing countries was about \$145 million, which is no more than 0.04 percent of GNP. When compared with great donor countries such as Japan and the United States, and other countries that have a similar economic scale as our country, our country's level is still meager. Therefore, I believe that it is necessary for us to expand the scale of official development assistance.

[Kim] Through President Jiang Zemin's visit to the ROK, ROK-PRC relations have entered a new phase. Also, with North Korea's moves to improve relations with the United States and Japan, the situation on the Korean Peninsula is changing rapidly.

What are the prospects for improvement of relations between North Korea and the United States, and North Korea and Japan, and what is the government's position regarding this matter?

[Kong] The visit to the ROK by the PRC president is the first ever in the long history of relations between the two countries. It is a significant event symbolizing a change in relations between the Korean Peninsula and the four neighboring big powers. As a responsible member of international society, it is desirable for North Korea to normalize relations with neighboring countries, but there are still many problems to solve before achieving this.

In improving DPRK-U.S. relations, pending issues such as the issue of controlling North Korea's murderous mass weapons such as nuclear weapons, missiles, and chemical weapons; the issue of dispatching forces to the frontline; and the human rights issue must be resolved first before liaison offices are opened. Both the ROK and the United States are of the same firm opinion that improvement of relations between the United States and North Korea must achieve "harmony and run parallel" with improvement of South-North relations.

Fundamentally, the government does not oppose improvement of Japan-DPRK relations, but takes the position that this must be achieved in a way that contributes to peace and security on the Korean Peninsula, and must be promoted in parallel with progress and harmony in South-North relations.

[Kim] Japanese Prime Minister Murayama caused a ripple when he said: "The treaty on Japan's annexation of Korea was concluded in such a way that it was legally valid." Then, Minister for Management and Coordination Takami Eto said: "During the colonial days, Japan did good work for Korea." This again froze ROK-Japan relations. How do you plan to resolve the

issue of recognizing the past history between the ROK and Japan?

[Kong] Because the incumbent Japanese Government's Cabinet members made remarks distorting the past history of the ROK and Japan, relations between the two countries have become rigid. Regarding this matter, the government has already strongly urged Japan to make a wise decision and take appropriate measures.

The government has been consistently maintaining the position that Japan's annexation of Korea is invalid in principle, and in this connection we plan to urge Japan to give a correct explanation of the ROK-Japan Basic Treaty (Article 2).

Daewoo Technicians Teach Technology to North SK1511004495 Seoul CHOSON ILBO in Korean 14 Nov 95 p 10

[FBIS Translated Text] ROK technicians are teaching technology to North Korean workers. It was confirmed on 13 November that Daewoo, which is building blouse, jacket, and bag plants in the Nampo industrial complex in North Korea, conducted technology training for some 800 North Korean workers in July of this year.

A government source stated: "Daewoo technicians visited North Korea last July and stayed there for more than two months, giving technological guidance to workers in three or four plants near Pyongyang and in Nampo."

The source also stated: "Daewoo plans to conduct technology training for some 1,000 additional North Korean workers until the Nampo industrial complex goes into operation."

Daewoo sent 13 technicians to North Korea on 22 July. On 26 September, Daewoo again sent five technicians to North Korea, these being selected from among those technicians who had returned home from the North.

It has been learned that Daewoo's technology team has concentrated its main efforts on conducting technological training for those workers in the concerned North Korean plants year until the introduction of plant facilities and material [into the Nampo industrial complex] is completed. The introduction into the Nampo complex of plant facilities and material (valued at \$5.12 million) has been delayed because of the delay in concluding contracts for joint ventures with North Korea.

It was learned that while staying in Pyongyang, the Daewoo technicians took the bus from Pyongyang to the Nampo industrial complex every day, teaching technology to the workers there. It was also learned that during this time, the Daewoo technicians found the skill of North Korean workers to be relatively high, and

accordingly, there will be no difficulties for Daewoo technicians to operate plants in the future.

Based on the fact that there have been many contacts between ROK technicians and North Korean workers in Pyongyang and Nampo, and that there is no enterprise at all except Daewoo in the Nampo industrial complex, which was established in 1992, the government authorities have predicted there will be a possibility for North Korea to open up additional areas to ROK enterprises in addition to the Najin-Sonbong area.

Article on Leadership in North Korea

SK0911110695 Seoul VANTAGE POINT in English Oct 95 Vol 18 No 10, pp 1-7

[Unattributed article: "Workers' Party in 50th Year: Is North Korea Still Ruled by Kim Il-song?"]

[FBIS Transcribed Text] Heir Apparent Remains Silent

On the morning of Oct. 10, the date when North Korea claims the Workers' Party of Korea was founded 50 years ago, the Kimilsong Square in downtown Pyongyang was crowded with army troops and civilians numbering as many as 1 million, to celebrate the founding anniversary of the Party, which has ruled the Communist northern half of Korea for nearly half a century. Hung over the square were a mammoth portrait of Kim Il-song, Pyongyang's "Great Leader," who died 15 months ago, and the slogans, "Long Live Great Suryong (Leader), Comrade Kim Il-song," and "Long Live the Glorious Workers' Party of Korea." Flying in the air were balloons carrying the year-old slogans, Long Live the Revolutionary Ideology of Great Suryong, Comrade Kim Il-song, "Great Suryong, Comrade Kim Il-song Will Be with Us Forever," and "Let Us Arm Ourselves More Thoroughly with the Revolutionary Ideology of Great Suryong, Comrade Kim Il-song," giving the impression that Kim still rules North Korea. Of course, among the slogans were one for his son, Chong-il, who had been groomed as his successor for more than 20 years.

The main function for the birthday of the ruling Party was not a usual gala ceremony but a spectacular military parade, as if it was Pyongyang's intention to reveal that it is not the Party but the military that is ruling the Communist country. As expected, Kim Chong-il, who is the anointed prince but has yet to be crowned, showed up there, along with scores of Party and government leaders. But he did not speak even one word to his people, who call him the "Great Yongdoja (Leader) of the Party." The heir apparent also attended three other functions held that day — a dedication ceremony for the Chongnyu Bridge over the Taedong River and the

No. 2 Kunnung Tunnel, a meeting organized to deliver "letters of loyalty from all North Korean people" to him, and a ceremony to pay respect to his deceased father, whose embalmed body is laid in state in the Kumsusan Memorial Palace. But the North Korean media also failed to quote any remarks made by the successor-designate. Noteworthy was his absence from a banquet hosted by the most powerful Central Committee of the Workers' Party on the evening of that festive day. He did not attend a dedication ceremony for the a 50-meter-high monument constructed to glorify the Workers' Party, either. Instead, he visited the monument Oct. 5, four days before the ceremony, accompanied by a Party secretary.

A star player at the function in the Kimilsong Square dominated by a military mood was Choe Kwang, who was decorated two days before with the highest military rank of marshal, which Kim Il-song granted to the junior Kim three and a half years ago, and at the same time was appointed minister of people's armed forces to succeed Marshal O Chin-u, who died last February. Choe delivered a speech and reviewed the troops, while the successor-designate sat or stood on the platform for VIPs. The heir apparent simply waved his hands to the troops marching before him, but without any words. In his speech, Choe praised the leadership of the junior Kim who Pyongyang claims is the same as his father in all aspects, saying that "beloved Supreme Commander, Comrade Kim Chong-il" is exerting all of his efforts for strengthening and developing the Party and accomplishing the chuche (self-reliance)-oriented revolutionary task, being faithful to the teachings left behind the Great Suryong (Comrade Kim Il-song)." Renewing the year-old call for "unity around the Party Central Committee with Kim Chong-il as the center," Choe said that the unity is necessary to make the Workers' Party as Kim Il-song's Party eternally.

The attention of North Korea watchers in Seoul and elsewhere focused on Kim Chong-il to see whether he will take over the top offices of the Party and the government held by his father, namely the general secretary of the Party Central Committee and the state president. But the coronation of the junior Kim was not held, betraying the expectations of some watchers. He still remains chairman of the National Defense Commission and supreme commander of the People's Army. Strangely enough, the successor-designate, who was named marshal in April 1992, was not promoted to "grand marshal," the top military title held by his father, despite the promotion of two vice marshal — Choe Kwang and Yi Ul-sol — to marshals. The senior Kim was decorated with the title of "grand marshal" a week before his son and O Chin-u became marshals.

Influential Military Leaders

An ever rising influence of the military was evident when three generals were also promoted to vice marshals and the names of all but one of the eight vice marshals were posted among the top 42 Party and government leaders attending major functions on Oct. 9-10, below associate members of the Politburo and above the influential secretaries of the Party Central Committee (See New List of Leaders). They are Paek Hak-nim, Yi Tu-ik, Kim Kwang-chin, Kim Ik-hyon, Cho Myong-nok, Yi Ha-il and Kim Yong-chun. In recent months, only four or five vice marshals were on the VIP list.

Marshal Choe Kwang's name was listed just below Premier Kang Song-san, whose ranking was demoted from second to fifth below the three vice presidents, and above Foreign Minister Kim Yong-nam. But Marshal Yi Ul-sol ranked an unchanged 20th. Also noteworthy was the fact that the promotion of the two vice marshals to marshals and that of three generals to vice marshals came under a decision made jointly by the Party Central Military Committee and the National Defense Commission [NDC], while Choe became minister of people's armed forces under a decree issued by Kim Chong-il as chairman of the NDC.

Is Kim Jr. Really in Charge?

Is Kim Chong-il really in charge, as asserted by North Korean leaders and Pyongyang's media? There is no hard evidence to prove their claim. He rules North Korea in the capacity of supreme commander of the People's Army, according to Pyongyang's accounts. But as far as military affairs are concerned, the highest authority lies on the Party Central Military Committee which was chaired by his father, Kim Il-song. Probably the junior Kim retains membership in the committee, but there is no mention of his sway over the top military policymaking body, whose members include such aged, veteran military leaders as Choe Kwang, Yi Ul-sol, Paek Hak-nim and Kim Kwang-chin.

A clue to uncover the actual power structure of the Pyongyang regime, shrouded in deep mystery since the death of the senior Kim, might be found in an editorial carried Oct. 10 jointly by papers of the Workers' Party, the People's Army and the League of Socialist

Working Youth. The editorial, under the heading, "Let Us Complete the Chuche-oriented Revolutionary Task under the Guidance of the Party," stressed repeatedly the role of the Party, saying that the People's Army is the Suryong's and Party's army, whose most important job is to safeguard the Party. "All military personnel should be prepared to become loyal revolutionaries, which guards, even at the sacrifice of their lives, the Party Central Committee led by Supreme Commander Kim Chong-il," it says. The editorial concluded by chanting the slogans, "Long Live the Revolutionary Ideology of Great Suryong, Comrade Kim Il-song," and "Long Live the Glorious Workers' Party, which is the organizer of all of the victorious programs," omitting the slogan, "Long Live Great Yongdoja, Comrade Kim Chong-il."

North Korea has never officially explained the reason for the year-long delay in the junior Kim's formal succession to power. The Central Broadcasting Station on Oct 1 aired an article said to be written by a Russian named V.G. Tolstikov to explain the delay. He attributed the delay simply to the successor-designate's decision to hold back the ceremony for power succession. The Russian, a former Pyongyang correspondent for Pravda, made the same remarks in November last year.

Many North Korea watchers believe factors behind the delay might be the rumored junior Kim's poor health or his inability to control the military leaders, who were lambs before the senior Kim but are now powerful with weapons in their hands. The mystery about the North Korean hierarchy may come to light when the military ruling system returns to a civilian governing system, an analyst said, adding that Pyongyang is probably operating an emergency state committee composed mainly of military leaders. "If not, the Party Central Military Committee might carry out the function of such a committee," he speculates. North Korea watchers are trying to find out the reason North Korea replaced a traditional "central reporting session" with a military parade to mark the 50th founding anniversary of the ruling Workers' Party. In a letter of appreciation to Party members, military personnel and Pyongyang citizens Oct. 11, Kim Chong-il valued high the revolutionary aspect and the invincible strength of the Party and the armed forces" demonstrated on the Party's anniversary.

New List of North Korean Leaders

Ranking and Name	Age	Concurrent Position
Poll Members of Politburo		
1 Kim Chong-il	53	Marshal, Chairman of NDC, Supreme Commander of People's Army under PCMC Chairman
2 Yi Chong-ok	79	Vice President
3 Pak Song-chol	83	Vice President
4 Kim Yong-chun	73	Vice President
5 Kang Song-sen	64	Premier
6 Choe Kwang	77	Marshal, Vice Chairman of NDC, Member of PCMC, Minister of People's Armed Forces
7 Kim Yong-nam	70	Deputy Premier, Foreign Minister
8 Kye Ung-tae	70	Secretary of CCP
9 Chon Pyong-ho	69	Secretary of CCP
10 Han Song-yong	72	Secretary of CCP
11 So Yun-sok	67	Head of South Pyongan Province Party Chapter
Associate Members of Politburo		
12 Kim Chol-moo	77	General, Member of NDC
13 Choe Tae-pok	66	Secretary of CCP
14 Choe Yong-nim	66	Deputy Premier, Minister of Metal Industry
15 Hong Song-nam	71	Deputy Premier
16 Yang Hyong-sep	70	Chairman of Supreme People's Assembly
17 Hong Sok-hyong	71	Chairman of State Planning Commission
18 Yon Hyong-nuk	64	Head of Chagang Province Party Chapter
19 Yi Son-sil	78	Marshal
20 Yi Ul-sol	74	Member of PCMC and NDC, Head of Secret Service Vice Marshal
21 Paek Hak-nim	77	Member of PCMC, Minister of Public Security
22 Yi Tu-ik	74	Member of PCMC
23 Kim Kwang-chin	68	Member of PCMC and NDC, 1st Vice Minister of People's Armed Forces
24 Kim Ik-hyon		Head of Reserve Forces
25 Cho Myong-sok	65	Member of PCMC, Head of General Political Bureau at People's Armed Forces Ministry
26 Yi Ha-il	59	Member of PCMC and NDC
27 Kim Yong-chun	63	Chief of General Staff of People's Army
Secretaries of Party Central Committee		
28 Kim Ki-nam	69	
29 Kim Kuik-tae	71	

Ranking and Name	Age	Concurrent Position
30 Hwang Chang-yop	72	
31 Kim Chung-nin	71	
32 So kwan-hui	72	
33 Kim Yong-sun	61	
Deputy Premiers		
34 Kim Hwan	65	Minister of Chemical Industry
35 Kim Pok-sin	70	Chairman of Light Industry Commission
36 Kim Chang-ju	69	
37 Kim Yun-hyok	69	
38 Chang Choi	69	Minister of Culture and Art
39 Kong Chin-tae	71	Chairman of Public Welfare Commission
Others		
40 Yun Ki-pok	69	Chairman of Economic Policy Commission
41 Pak Nam-ki	67	Chairman of Administration and Economic Committee for Pyongyang
42 Chon Mun-sop	74	Chairman of State Inspection Commission

Notes:

1. The rankings are based on North Korean reports on the participants in major functions to mark the 50th founding anniversary of the Workers' Party, which fell on Oct. 10.
2. NDC stands for the National Defense Commission, PCMC for the Party Central Military Committee and CCP for the Central Committee of the Workers' Party.

North Propaganda Campaign on Rice Talks Viewed
SK0911122295 Seoul VANTAGE POINT in English
Oct 95 Vol 18 No 10, pp 15-16

[Unattributed analysis: "North Korea Escalates Anti-Seoul Propaganda Campaigns After Unsuccessful Rice Talks in Beijing"]

[FBIS Transcribed Text] Chon Kum-chol, North Korea's chief delegate to the 3rd round of inter-Korean rice talks in Beijing, in a press conference on October 2, lashed out at Seoul for "politicizing" the rice issue. The press conference lasted about 2 hours, but Chon spent most of the time venting his anger on the unsatisfactory results of the talks; he deliberately avoided answering any questions raised by reporters there. He said: "The southern side, encircled by imperialism, maintains the rhetoric that North Korea must not make any protest or resistance while receiving rice from the South. We have

no intention to sacrifice our political independence for rice."

The rice talks this time began September 27, but the two sides confronted each other because the North insisted on discussing only rice aid, while the South raised a request for the immediate return of a South Korean fishing boat detained by the North for the past 4 months after straying into North Korean waters. The 103-ton South Korean trawler, with 8 crew members, was abducted to North Korea on May 30, when North Korea began seeking rice aid from Japan, and Seoul was reported to have expressed its willingness to provide North Korea with rice before Japan, if requested officially by the North. The first round of rice aid talks between Seoul and Pyongyang took place in Beijing in mid-June and, after four days of vice-ministerial-level discussions, the two sides reached an agreement that the South would provide the North with 150,000 tons of free rice. But one important problem, on the part of South Korea, remained unsolved; the North refused to regard the Beijing talks as government-to-government dealings, though the South Korean government said that the accord was signed by government officials of both sides. In fact, the accord was to be implemented by the Korea Trade & Investment Promotion Agency (KOTRA), not the South Korean government, and a North Korean company. Moreover, the bags containing

rice would be without markings indicating the place of origin.

The first South Korean freighter, "Sea Apex," carrying 2,000 tons of rice, arrived at the North Korean port of Chongjin on July 26, but this reconciliatory gesture met with a hostile response; the North Korean port authorities forced the South Korean ship to lower the South Korean flag and fly a North Korean flag. Despite this insulting absurdity, the rice shipment continued. On August 8, another South Korean rice ship, "Samsun Venus," was placed under the custody of the North Korean authorities at the Chongjin port on spying charges.

The second round of the rice talks took place in Beijing on August 10, but this time the two sides concentrated on the repatriation of the "Samsun Venus," failing to arrange the venue for the third round of the talks. The South Korean ship was released after 7 days of detention in North Korea, and the South remained faithful to the implementation of the accord.

Previously, it was reported that South Korean pastor An Sung-un, active in China's Yanbian Province, was reported to have been kidnapped to North Korea since July 9.

During the third round of rice talks this time, the South Korean side strongly demanded the return of the South Korean ship, Usong No. 8 [name of ship as published], "with its crew members, as well as the kidnapped South Korean pastor, but the North Korean side did not keep its verbal promise, made during previous talks, to release the fishing boat; instead, it concentrated on asking for additional rice aid. Moreover, North Korea's chief delegate, Chon Kum-chol, refused to use his official title, namely, the senior advisor of the Committee for the Promotion of External Economic Cooperation.

Seoul's position regarding the rice talks was expressed by South Korea's chief delegate to the talks, Vice Finance-Economics Minister Yi Sok-chae, who, after returning from the Beijing talks, told reporters in Seoul on October 2: "We made it clear to the North Koreans that the fourth round of talks should not be held in a third country but on the Korean peninsula, and that no additional rice aid can be arranged in a meeting held in a third country; accordingly, the venue and character of the talks should be changed." Seoul's shift in its positions can be cited as a show of determination, first of all, to foil the North's attempt to camouflage the inter-Korean talks as unofficial contacts. Vice Minister Lee was also quoted as saying that the North Koreans have promised to study the proposal and that Seoul would "wait and see." Despite the change in its attitude, Seoul

shipped 2,500 tons of rice to the North Korean port of Chongjin on October 7 as its last delivery of the 150,000 tons of free rice it promised in the agreement to send to Pyongyang.

Jiang Zemin Tours Hyundai Group Facilities

*SK1611023095 Seoul YONHAP in English
0222 GMT 16 Nov 95*

[FBIS Transcribed Text] Ulsan, South Korea, Nov. 16 (YONHAP) — Visiting Chinese President Jiang Zemin toured the Hyundai Group's car-making and shipbuilding facilities here in Ulsan on the southeastern coast of the country Thursday.

Arriving at Hyundai Motors at 11:00 A.M. [0200 GMT], he was guided by Hyundai Group Chairman Chong Se-yong and Hyundai Motors President Chon Song-won through the company's compact-car assembling line, an engine shop and a car testing ground.

Visiting Hyundai Heavy Industries, the Chinese leader was given a tour of the company's shipbuilding dock and other facilities.

After his visits, he attended a luncheon in his honor hosted by Hyundai Heavy Industries President Kim Chong-kuk with Hyundai Group Founder and Honorary Chairman Chong Chu-yong also attending.

Accompanying Jiang on his tours of the Hyundai facilities were some 100 Chinese officials and businessmen, including Foreign Minister Qian Qichen, and South Korean Ambassador to Beijing Hwang Pyong-tae.

Jiang is to depart for Cheju at about 3:00 P.M.

Dailies Analyze Significance of Jiang's Visit

SK1611011795

[FBIS Editorial Report] Local vernacular dailies on 14 and 15 November carry editorials and articles discussing the significance of PRC President Jiang Zemin's visit to the ROK for summit talks with ROK President Kim Yong-sam.

The moderate KYONGHYANG SINMUN on 15 November carries on page 3 an 800-word editorial entitled "The Reconfirmation of the ROK-PRC Cooperative System." The editorial begins, "PRC President Jiang Zemin's ROK visit, the first visit ever in history by a head of state of the PRC, should be highly appraised in that it definitely helps stabilize the situation in Northeast Asia. In particular, in connection with the situation on the Korean peninsula, President Jiang Zemin expressed his firm support to the 'principle of resolving the issue by the parties concerned' and reconfirmed the validity of the Armistice Agreement. This importantly assists

in the creation of an atmosphere for expanding our initiative for the security on the Korean peninsula and peaceful reunification." The editorial then notes that the extension of ROK-PRC cooperation into a political area will also discourage North Korea from posing a military threat against the South, and says that the acceleration of economic cooperation, including such major projects as the atomic power plant, medium-size airplane, automobile, high-definition television, digital exchanger, and Russian gas fields, will further solidify political cooperation. The editorial then notes the great significance of the joint ROK-PRC message to Japan calling for correct awareness of its past history. The editorial then notes a number of pending issues between the ROK and the PRC, such as the fishing agreement, the contamination in the West Sea, revision or abolition of the clause on the PRC's automatic military assistance to North Korea, and the arms assistance to North Korea, and hopes that President Jiang's ROK visit will become a turning point for a renewed approach for the resolution of these issues.

The conservative CHOSON ILBO on 15 November carries on page 3 an 800-word editorial entitled "The ROK-PRC Cooperation Facilitated." The editorial begins, "Whereas the ROK president visited the PRC twice in an effort to expedite northward diplomacy and to resolve the North Korean nuclear issue, PRC President Jiang Zemin's ROK visit must be prompted by the Chinese effort to increase its influence," and notes the Chinese efforts to establish its position of a major power in Northeast Asia in an attempt to cope with the U.S. expansion of influence in Asia and the Japanese economic domination in Asia. The editorial then says that President Jiang's ROK visit will help accelerate ROK-PRC economic cooperation, but adds that there is a long way to go before full confidence is achieved between the ROK and the PRC.

The moderate TONG-A ILBO on 15 November carries on page 3 an 800-word editorial entitled "The Opening of a New Era Between the ROK and the PRC." The editorial begins, "The historic visit to the ROK of Jiang Zemin, PRC president and CPC general secretary, will provide a turning point for heralding a new era for exchange and cooperation between the two countries in all fields." The editorial then notes President Jiang's visit demonstrates that China attaches greater importance to the ROK as a partner and cooperator in the Asia-Pacific era, which is to open in the 21st century, than to North Korea, although China officially maintains relations of blood allies with North Korea.

The moderate CHUNGANG ILBO on 15 November carries on page 4 a 600-word editorial entitled "The ROK-PRC Top Leaders' Promises Should Be Put into

Practice." The editorial expresses satisfaction over the result of the Kim-Jiang summit, and welcomes President Jiang's stressing the need of inter-Korean dialogue for the stability on the Korean peninsula. The editorial then says, "Efforts should be made to put into practice the economic cooperation projects discussed in the summit talks," and emphasizes economic exchanges as well as industrial cooperation.

The moderate HANGUK ILBO on 15 November carries on page 3 an 800-word editorial entitled "A New Horizon in the ROK-PRC Relations." The editorial begins, "It is unprecedented that a PRC president to visit to our country to hold summit talks and it is all the more significant in that the visit was made when the bloodily relations still exist between China and North Korea. Moreover, the Chinese side shared the view with our side on the importance of security in Northeast Asia and the practical cooperation between the two countries, and expressed active support for our side. Thus, President Jiang Zemin's ROK visit leads us to vividly feel that a new horizon is opening in the ROK-PRC relations." The editorial says that President Jiang's stressing the need of inter-Korean dialogue virtually supports the ROK's consistent policy toward the North and puts a brake on the North Korean efforts for dialogue with the United States and Japan.

The pro-government SEOUL SINMUN on 15 November carries on page 3 a 700-word editorial entitled "The Historic ROK-PRC Summit Talks in Seoul." The editorial notes the historic significance of the Kim-Jiang summit talks, and maintains, "The ROK-PRC relations are now considered to have made a leap forward to comprehensive relations," covering diplomatic, security, and economic fields, and notes that "this contributes greatly to the stability and peace of the world as well as the two countries."

The left-leaning HANGYORE SINMUN on 15 November carries on page 2 a 700-word article by reporter Kim Chong-ku entitled "The Significance of the ROK-PRC Summit Talks." The article stresses the significance of the top leaders of the ROK and the PRC meeting face to face in Seoul, and notes the significance of the Chinese Government's reconfirmation of its sharing the view with the ROK in opposing the signing of a peace agreement directly between North Korea and the United States, and notes the possibility that the ROK-PRC joint cooperative position could strain the relations of the ROK and the PRC with Japan.

The conservative CHOSON ILBO on 14 November carries on page 6 a 700-word article by reporter Ku Song-chae entitled "The Political and Diplomatic Significance of Jiang's Visit to ROK." The article notes, "PRC Pres-

ident Jiang Zemin's visit to the ROK is an event that shows that the ROK-PRC relations which have been deepening mainly in the economic field are expanding into political and diplomatic fields as well."

The moderate TONG-A ILBO on 14 November carries on page 2 a 1,100-word article by reporter Pak Che-kyun entitled "The Significance of President Jiang Zemin's ROK Visit." The article notes that President Jiang's ROK visit could be taken as a sign for China's policy change in its diplomacy of keeping equal distance with North and South Korea, and notes his visit can be interpreted as China's consideration of the ROK as its partner for cooperation in Northeast Asia.

The pro-government SEOUL SINMUN on 14 November carries on page 3 a 600-word editorial entitled "A New Tread in the ROK-PRC Economic Cooperation." The article hopes that the economic cooperation between the ROK and the PRC will develop into a higher stage by linking the Chinese technology in basic sciences with the ROK's technology in industrial production.

Daewoo Inks Pact To Take Over Polish Car Firm

*SK16111010995 Seoul THE KOREA TIMES in English
16 Nov 95 p 8*

[FBIS Transcribed Text] Daewoo Group announced yesterday it has signed an agreement to take a 70 percent interest and management rights in the Polish national car manufacturer Fabryka Samochodow Osobowych (FSO).

With the agreement, Daewoo has an automobile production network in three nations in the former East Europe with an annual capacity of 585,000 cars. Its other acquisitions are Fabryka Samochodow Lublin (FSL) also in Poland, Rodae Co. in Romania and Avia Co. in the Czech Republic.

A Daewoo official said that the group will make a 1.1 billion dollar investment in the Polish FSO by the year 2001.

The signing ceremony was held in Warsaw Monday [13 November] with the attendance of Polish Minister of Finance Grzegorz Kolodko and Minister of Industry and Trade Klemens Scierski and Daewoo Motor Co. president Kim Tae-ku and Daewoo Corporation Trading Division president Kang Pyong-ho.

Daewoo plans to produce 20,000 semi knockdown Espero subcompact and Tico Minisedan kits at FSO in 1996. It also plans to expand the production capacity to 200,000 units for a deluxe minisedan and two medium-size sedans in the second stage of development.

Daewoo plans to increase total production to 220,000 units by 2000, including 20,000 FSO pickup truck units.

The FSO takeover is the latest move in Daewoo's rapid expansion of its European network of motor vehicle production and sales facilities.

Daewoo took a 33.2 percent interest in Avia A.G. of the Czech Republic with paid-in capital of 79 million dollars and a 61.1 percent interest in Fabryka Samochodow Lublin (FSL) of Poland with paid-in capital of 45 million dollars this June. Romania's Rodae Motor S.A. was established in November 1994 by Daewoo with 360 million dollars in paid-in capital. It took a 51 percent interest in the national automotive manufacturer.

Former President No Placed Under Arrest

*SK1611104395 Seoul YONHAP in English
1036 GMT 16 Nov 95*

[FBIS Transcribed Text] Seoul, Nov. 16 (YONHAP) — Former President No Tae-u was placed under arrest Thursday evening on graft charges as the Seoul District Court issued an arrest warrant against him as sought by the prosecution.

No, who admitted he had raised 500 billion won in a "governing fund" during his presidency, will shortly be put to the Seoul prison at Uiwang, Kyonggi-to in the southern outskirts of Seoul.

On signing the warrant around 6:50 P.M., Judge Kim Chong-ho said, "We recognize the need of his arrest because though he may not escape or go into hiding, there is the danger he could obliterate evidences in addition to his crime being extremely malignant in nature."

The prosecution charge said No received a total of 235.8 billion won in bribes from 30 leading businessmen from 1988 through 1992 during his presidency.

The amount included 24 billion won he received from Kim U-chung, chairman of the Daewoo business group, on seven separate occasions, it said.

A prosecution source said that the businessmen involved said during prosecution questioning that the money they gave to No were contributions or "rice cake prices" furnished on traditional holidays, but the prosecution took them as bribes.

"The money can be taken as bribes because Mr. No, as the top ruler, was in a position to make final decisions on major financial or economic policies and also to exercise his influence over major industries' managerial programs," the source added.

No Speaks Before Leaving for Detention House

*SK161111295 Seoul KBS-1 Television Network
in Korean 1031 GMT 16 Nov 95*

[Remarks by former President No Tae-u in front of the Prosecutor General's Office in Seoul prior to being taken to Seoul Detention House — live]

[FBIS Transcribed Text] I express my deep regret to the people. I will assume all responsibilities for the scandal I caused and I am willing to receive any kind of punishment. What particularly makes me sad is that many businessmen have suffered because of me. I would like to ask the people to support, care, and encourage these businessmen so as to prevent them from losing their international competitive strength.

I have something to tell politicians. I will take on all the distrust and conflict you have and will accept any kind of punishment. Politicians, I sincerely ask that, with this incident, you dissipate all distrust and conflict and create a truly new political culture of reconciliation, understanding, and cooperation to hand over to our descendants.

Thank you.

No Arrives at Seoul Prison

*SK1611115895 Seoul YONHAP in English
1150 GMT 16 Nov 95*

[FBIS Transcribed Text] Seoul, Nov. 16 (YONHAP) — Shortly before his physical detention at the Seoul prison Thursday evening, former President No Tae-u called for a new "political culture."

"I alone shall receive any punishment," No said. "I would like to call upon politicians to forge a new political culture in favor of reconciliation and cooperation instead of distrust and frictions."

No made the remarks before a crowd of reporters as he stepped out of the porch of the Prosecutor General's Office building for a ride to the Seoul prison at Uiwang in the southern outlying area of Seoul.

He said what pains him in particular is that many businessmen suffered due to him. "I ask you people to support and take care of businessmen so that they can build up international competitiveness," he said.

Turning to politicians, No said he was going (into prison) carrying with him all the frictions and distrust in "you politicians' hearts."

He then asked politicians to form a new political culture in favor of reconciliation and cooperation.

No arrived at the Seoul prison at 7:58 PM. He was carried in a black "Royal Prince" sedan, in which he

took a center back seat flanked by two prosecution officials.

Chongwadæ Spokesman Comments on No's Arrest

*SK1611115795 Seoul YONHAP in English
1145 GMT 16 Nov 95*

[FBIS Transcribed Text] Seoul, Sept. 16 (YONHAP) — Chongwadæ [presidential offices] Spokesman Yun Yo-chun said Thursday evening former President No Tae-u's slush fund could be unearthed thanks to the lightning introduction of the real-name financial transaction system in August 1993.

In a comment on No's arrest, Yun said the unfortunate incident in which a former president was arrested on graft charges, should be turned into a blessed occasion to advance the construction of a clean and healthy society.

"We expect that the prosecution will clear away all suspicions through thorough and fair investigation," Yun added.

Seoul Formally Requests Swiss Cooperation

*SK1611052995 Seoul YONHAP in English
0522 GMT 16 Nov 95*

[FBIS Transcribed Text] Seoul, Nov. 16 (YONHAP) — Seoul lodged a formal request with the Swiss Government Thursday to help bring to light the alleged secret bank accounts of former President No Tae-u in Swiss banks, a Foreign Ministry spokesman said.

"Deputy Foreign Minister for Political Affairs Yi Chaechun called in Swiss Ambassador Walter Fetscherine Thursday morning to deliver a written request by the Justice Ministry for speedy judicial cooperation and the handing over materials supporting the allegation that No secured secret bank accounts in Swiss banks," the spokesman said.

Fetscherine promised that his government would agree to provide any cooperation necessary for the South Korean Government to solve the allegation of No's slush fund accounts in Swiss banks, according to the spokesman.

The spokesman, declining to reveal the content of the materials, said that the Foreign Ministry is only a mediator between the prosecution and swiss investigative authorities. Therefore, he added, the ministry is not in a position to reveal the results of the prosecution's probe as the materials are for the confirmation of the alleged secret bank accounts of No and his family members and relatives.

The Foreign Ministry at the same time dispatched the same materials to the South Korean Embassy in the

Swiss capital of Bern so that the consular staff could cooperate with local authorities in finding the alleged bank accounts.

Although the Foreign Ministry officially refused to confirm whether the prosecution had secured bank account numbers belonging to No or his relatives, a Foreign Ministry official said that the prosecution seemed to have failed to secure them. Account numbers are considered essential for the ongoing efforts to locate No's slush funds in Swiss banks.

"I think it will be very difficult for the South Korean Government to find No's alleged slush funds in Swiss banks because Swiss banks normally require hard evidence to prove the existence of slush funds and additional proof of the illegality of those funds," the source said, adding that the domestic laws of Switzerland, not the laws of requesting countries, apply in this case.

"Furthermore, No may have already funneled his slush funds from Swiss banks, if any, to Central or South American countries which are emerging as new havens for dirty money in the world," he said.

The source added that it may take at least a few years to retrieve No's money from the central European nation even if the illegal funds are confirmed by Swiss authorities.

He noted that the Philippines spent nearly 10 years persuading Bern to send just part of the money back to Manila that former Filipino President Ferdinand Marcos had kept in Swiss banks.

Despite the recent formal decision by the Swiss Government to send Marcos' money back to the Philippines, the island country has not yet received any of it due to procedural matters.

Former Presidential Aide Involved in Scandal

*SK1611044495 Seoul TONG-A ILBO in Korean
16 Nov 95 p 2*

[FBIS Translated Text] On 15 November, lawmaker Kang Chang-song of the Democratic Party insisted that Kim Chong-hwi, former presidential secretary of foreign and security affairs under former President No Tae-u, received a commission of \$400,000 from the U.S. Richard of Eagle Company [company name as published] on 24 April 1992 in return for his activity in changing the model of the ROK's next-generation fighter.

Asserting that this information has been confirmed through material provided by the Board of Audit and Inspection, Kang Chang-song stated: "The commission money was deposited into Kim Chong-hwi's personal

account after being laundered four times, and therefore, it is certain this money was the commission money Kim received in return for his changing the fighter model."

Election Campaign Funds To Be Disclosed

*SK1611002095 Seoul YONHAP in English
0013 GMT 16 Nov 95*

[FBIS Transcribed Text] Seoul, Nov. 16 (YONHAP) — Prime Minister Yi Hong-ku said Wednesday [15 November] the 1992 presidential election campaign funds allegedly provided by former President No Tae-u will be disclosed in the course of the prosecution's probe of No's slush fund scandal.

Answering questions at a session of the National Assembly Budget-Account Committee, Yi said the government is determined to expose the whole truth about the scandal through a thorough investigation that leaves no suspicions.

"The issues of the 1992 presidential race campaign expenses will be disclosed as the prosecution plans to make a probe into what No's secret funds were used for," Yi said.

He said, however, the government does not consider conducting a national referendum in connection with the scandal.

"There are no political intentions or purposes in the prosecution's probe into the secret fund scandal," he emphasized, adding, "If the prosecution fails to make a fair investigation, I will assume responsibility by resigning."

On allegations that No has stashed some of the funds in Swiss banks, Yi said he received a report that the prosecution will formally request mutual judicial cooperation from the Swiss authorities through the Foreign Ministry on Thursday.

Correction to TV Features Scandal on Purchase

SK1611042895

[Corrected version of SK1511072195; explanatory notes describe differences from original FBIS version]

[FBIS Editorial Report] Seoul KBS-2 Television Network at 1310 GMT on 12 November, in its Sunday "60-Minute Pursuit" program, carries a 50-minute extensive report on the secret fund scandals involving ex-President No Tae-u subtitled "Secret Political Funds."

While reporting on the secret political funds provided by construction companies, the program shows the account book of a construction company identified as "D" that details the bribes given to government

officials in return for construction orders won by the company during the Sixth Republic; the account book was obtained by lawmaker Che Chong-ku, who worked for the National Assembly Construction Committee in 1994. The program notes: "As much as 40 million won [US\$53,000] was paid as a secret fund at the construction site of the Ulchin Atomic Power Plant. This is the largest single bribery case shown in the account book."

The program then reports various methods by which construction companies prepare and deliver secret funds, as well as the details of the scandal concerning the development of Suso District. It quotes and plays tape recordings containing statements by lawmakers, businessmen, and business group officials.

At 1320 GMT, the program turns its focus to the scandal surrounding the purchase of F-16 fighters. While showing shots of F-16's in flight and ROK vernacular papers, the program reports: "Last June, when people began to raise questions in connection with the purchase of F-16 fighters, U.S. and ROK media reported the U.S. Federal Grand Jury had set out to investigate the General Dynamic Company, the supplier of the F-16's."

The program shows the video of a KBS news program dated 20 December 1989 which reports the official announcement of the government's decision to adopt the F-18 as the Air Force's major next-generation fighter. Showing various shots of the F-18 [correcting reportage of video footage], the program explains the superiority of the F-18 [correcting fighter designation], quoting remarks by unidentified Defense Ministry officials. The program also shows the video of another KBS news program dated 28 March 1990, reporting the government's decision to change the type of fighter from the F-18 to the F-16, including footage of then-Defense Minister Yi Chong-ku explaining the reason for the change in the government's next-generation fighter project by saying: "The F-16 is cheaper than the F-18, and its performance has been greatly heightened since the government originally studied it."

The program shows KBS producer Song Chae-hon making a phone call to an unseen and unidentified "then-adviser on the F-18" who says: "Both the F-16 and F-18 increased in price after 1989, but the rate of the increase for the F-16 was even higher than that of the F-18. At first, the government officials concerned began a quarrel with the price increase of the F-18. However, when I pointed to the higher rate of increase in price for the F-16, they justified their new decision by saying planes were expensive, yet the budget was short."

The program continues: "The budget for the Yulgok project was about five billion won [\$6.6 million], with

which the government could afford to buy 100 F-18's or 120 F-16's. However, who understands that a decision on the important next-generation fighter project, which is decisive to the national defense capability, was made simply based on price?"

The camera cuts to a shot of General Son Chu-hyon, a graduate of the First Class of the Air Force Academy, explaining the superior performance of the F-18's by saying: "An F-18 [changing fighter designation] is equipped with double engines, and all its systems are diversified. Accordingly, its survivability is very high. This is of great significance."

While the camera shows a table of the plan to purchase F-16's as well as printed material from the Pentagon, the program reports [deleting phrase "from the U.S. Air Force"]: "A report prepared in 1990 by the Joint Chiefs of Staff, based on the result of their survey in the United States, played an important role in deciding to change the type of fighter because it reported the F-16 will continuously be manufactured until 1999. However, the U.S. Senate advised suspending manufacture and purchases of the F-16 early in 1991."

The program carries video on the 1993 interpellation with Chong Yong-hu, then-Air Force chief of staff [correcting title], who "raised questions about the decision to change the type of fighter." It reports: "At that time, then-Air Force Chief of Staff Chong Yong-hu [correcting title] reportedly was under great pressure from Kim Chong-hwi, then-presidential aid for security and foreign affairs, who was one of the most influential men in making security and foreign policies; this pressure was directly conveyed through then-Defense Minister Yi Sang-hun."

Noting the suspicion of lawmakers that "an enormous rebate must have occurred during the course of changing the decision regarding the type of next-generation fighter," the program shows lawmaker Kang Su-im of the Democratic Party, who states: "An F-16 sells at a cost of approximately \$23 million in foreign countries. However, our country purchases them for \$41 million. I examined various material and investigated many people concerned, all in a bid to disclose something hidden behind this. As a result, I heard some relevant people testify that they raised political funds under the name of manufacturing licenses."

The video then shows various shots of printed material obtained by KBS from an unidentified U.S. private information agency. The program states: "We can confirm the following through this report: Generating money for use as rebates is impossible in the United States where the account laws and the laws on bribes are strict. Therefore, a high possibility exists that the rebate fund related

to the F-16's was generated in the Middle East during the Gulf War. In other words, a rebate fund of approximately \$200 million was generated by the U.S. General Dynamic Company in the course of selling M1A1 tanks to Saudi Arabia; part of the rebate fund must have then been funneled back into the ROK through a person, and some flowed into banks in Hong Kong and into the Caymen Island of North America, which specializes in laundering money. [rewording for clarity] The report also pinpoints three suspected companies, the subcontracts for which were ambiguous. They are Mansour General Dynamics Ltd., Advanced Electronics Company, and Aselsan of Turkey. All are known to be engaged in supplying weapons to the Middle East." The program concludes the report on the fighter scandal by saying: "The Yulgok project, in which the F-16 was chosen, disregarding the opinion of the Air Force, has left a major scar on the ROK Air Force. The prosecution has been saddled with a new burden to clearly answer all questions concerning the matter."

The program next reports the brief history of secret political funds in the ROK since the "first scandal on secret political funds in our country" was discovered in 1950, when "the foreign currency earned by exporting tungsten was diverted for election campaigns." While reporting on the scandals regarding secret political funds of the Third Republic, the program shows video and printed material from the U.S. Frazer Committee held at the U.S. Senate in 1976 in which Kim Hyong-uk, then-chief of the ROK Central Intelligence Agency [KCIA], was quoted as testifying: "The political funds raised in the course of dealing with foreign countries in projects were mostly used for operating the Republic Party. Part of the funds must have flowed into Chongwadae [presidential offices]." The program also played a tape recording of an interview with an American named Baker, who worked as an inspector on the Frazer Committee, by an unidentified KBS reporter as regards the inspector's memory of meeting a son of Yi Hu-rak [correcting spelling of name], former chief of the KCIA, and hearing from him about former President "Pak Chong-hui's money deposited in a Swiss bank in the name of Yi Hu-rak [correcting spelling of name]."

The program concludes by carrying a report on the scandals regarding the various secret political funds raised by the Chon Tu-hwan regime, including the scandal surrounding the collapse of the Kukche Group.

Reminding that former Japanese Prime Minister Tanaka was sentenced to four years imprisonment for being bribed by the U.S. Lockheed Company in connection with a deal to purchase U.S. planes in 1976, the program hopes the ROK prosecution will thoroughly probe the scandal on No Tae-u's secret political funds, adding:

"The people have burdened the prosecution with the historic task of putting an end to the history of corrupt secret political funds." The program again hopes that the "deep-rooted vicious circle of the adhesion of politics and the economy, which has lasted over 30 years in our country and has definitely exerted a bad influence upon our people, society, and economy, will be eradicated soon."

Party Urges President To Disclose Election Funds

*SK1611061495 Seoul YONHAP in English
0551 GMT 16 Nov 95*

[FBIS Transcribed Text] Seoul, Nov. 16 (YONHAP) — The main opposition National Congress for New Politics (NCNP) continued to urge President Kim Yong-sam to disclose how much he received from former president No Tae-u for campaign funds in the 1992 presidential election.

At a rally to inaugurate the party's district chapter in Yongsan, Seoul, the NCNP announced it has also decided to discuss affairs involving relatives of President Kim in speeches at plenary sessions of the National Assembly.

Delivering a congratulatory speech, NCNP President Kim Tae-chung claimed that the current regime is attempting to "politically kill" him taking advantage of the political turmoil caused by the No Tae-u slush fund scandal.

At the plenary session of the National Assembly later in the day, two NCNP lawmakers, Reps. An Tong-son and Chong Sang-yong, planned to question the government and the ruling party about the funds President Kim might have received from No in the last election and touch on suspicions involving President Kim's relatives in their four-minute speeches.

Pak Chi-won, NCNP spokesman, said, "The current political turmoil can be settled only after the government tries former President No and President Kim discloses how much he received from No during the presidential election."

He also urged the ruling Democratic Liberal Party (DLP) to dismiss Secretary General Rep. Kang Sam-chae, who has demanded that NCNP President Kim retire from politics.

Parties Agree To Merge as Single National Party

*SK1611045495 Seoul YONHAP in English
0449 GMT 16 Nov 95*

[FBIS Transcribed Text] Seoul, Nov. 16 (YONHAP) — The budding Reformist New Party (RNP) agreed

in a working-level meeting with the minor opposition Democratic Party Thursday to take the necessary steps to become a full-fledged national party for a party-to-party merger with the Democratic Party [DP].

Accordingly, the Reformist New Party, which is still in a formative stage, will organize some 30 district chapters in five big cities and provinces, including Seoul and Kyonggi Province. Taking a mandatory step before it can become a national party, the new party will form a committee entrusted with the power to conduct official merger negotiations with the Democratic Party.

The two sides failed to reach an agreement on the leadership and organization of the new merger party in Thursday's meeting, informed sources said.

Additional Liberalization Plans Announced

SK1511073095 Seoul THE KOREA TIMES in English
15 Nov 95 p 9

[Report by staff reporter Yi Chang-sop]

[FBIS Transcribed Text] In a move to attract foreign investment and meet Organization for Economic Cooperation and Development [OECD] entry requirements, the government yesterday unveiled plans to open 48 additional sectors, including vocational training, to foreign direct investment from next year through the year 2000.

The liberalization is to include 32 service sectors, 12 manufacturing sectors and four agriculture and fishery sectors, according to the Ministry of Finance and Economy [MOFE].

All types of recreational facilities drinking establishments, dance clubs astrological services, soju distilleries, commercial print shops, as well as animal oil and fat processing plants will be completely open to foreign investment by the year 2000, it said.

Services such as vocational training, preparatory training courses, the manufacturing of explosives, security guard services, other protective activities and cattle farming are to be partially opened, the ministry said.

It is the third time that the ministry has expanded the scope of sectors to be opened either fully or partially to foreign direct investment since Seoul announced a five-year foreign investment liberalization program back in 1993.

By the year 2000, Korea will have opened 1,116 out of the total 1,148 sectors according to the Korea Standard Industrial Classification. This will bring the rate of sectors open to foreign direct investment to 97.2 percent, with the figure for the manufacturing sector being as high as 99.5 percent, the ministry said.

But the government did not say when such important sectors as legal and financial services as well as broadcasting and news services will be open to direct foreign investment. Even after the year 2000, a total of 32 sectors, including pension funds, personnel services and the retail sale of arts or antiques, will continue to be off-limits to foreign investors.

It added that 46 sectors, such as cattle farming, credit bureau services and golf course operation will be partially opened to foreign investment after the year 2000.

In sum, only 78 sectors will be either completely restricted or partially liberalized after the year 2000, government officials said. "Of the businesses included in the new Direct Foreign Investment Liberalization Plan, businesses related to the livelihood of farmers and fishermen, businesses related to public interest and the preservation and promotion of traditional culture, will be excluded. For example, the growing of cereals, fishing, newspaper publishing, broadcasting and rental or sale of art works and antiques will be closed to foreign investment," they said.

The government unveiled the additional liberalization program ahead of President Kim Yong-sam's visit to Osaka to attend the meeting of leaders of the Asia-Pacific Economic Cooperation (APEC) organization. Liberalization of trade and investment is one of most important items on the agenda at the APEC summit.

In addition, the government has decided to revise the 1993 Direct Foreign Investment Liberalization Plan by including new "non-sensitive sectors" in its liberalization list in order to dispel the perception that Korea is closed to foreign investment, analysts here said.

Improving the ratio of liberalization is also important because Korea must meet OECD rules regarding multilateral investment as part of its preparations to join the Paris-based club, MOFE officials said.

Investment Areas Subject to Market Opening to Foreigners

1996	Full Liberalization	(27 Businesses)
	Manufacture of Bean Curd and Similar Products	
	General Drinking Locales-Recreational	
	Recreational Drinking Locales-Dancing	
	Recreational Drinking Locales-Korean Style	
	Recreational Drinking Locales-Stage	
	Recreational Drinking Locales-Exclusively for Foreigners	
1997	Drinking Places n.e.c. [expansion unknown]	(7 businesses)
	Inland Fishing	
	Fish Farms-Inland	
	Service Activities Incidental to Fishing	
	Manufacture of Fish and Fish Products-Frozen	
	Canning and Preserving of Fish and Fish Products n.e.c. [expansion unknown]	
	Manufacture of Animal Oils and Fats	
	Processing and Preserving of Seaweeds	
	General Whole Country Freight Transport	
	General Local Freight Transport	
1998	Other General Financial Intermediation n.e.c.	
	Other Recreational Activities n.e.c.	
	Astrological Services	(12 businesses)
	Commercial Printing by Stencil Paper Plates and Similar Plates	(1 business)
1999	Manufacture of Soju	
	Manufacture of Refined Petroleum Products	
	Manufacture of Lubrication Oils and Greases	
	Reprocessing of Fractionation in Petroleum Refinery n.e.c.	
	Oil Service Stations	
	Urban Bus Passenger	
	Deep Sea Foreign Freight Transport	(7 businesses)
	Partial Liberalization	(21 Businesses)
	Coastal Water Passenger Transport	
	Coastal Water Freight Transport	
1996	Trust and Trust Companies	
	Other Financial Intermediation	

	Full Liberalization	(27 Businesses)
	Other Activities auxiliary to Financial Intermediation n.e.c.	
	Vocational Training School	
	Preliminary Training Course	(7 businesses)
1997	Seeding, Hatching of Aquatic Animals and Plants	(1 business)
1998	Manufacture of Starches and Starch Products	
	Wire Telegraph and Telephone	
	Wireless Telegraph and Telephone	
	Telecommunications n.e.c.	
	Rental of Residential Building	
	Rental of Non-Residential Building	
	Subdividing Residential Building	
	Subdividing Non-Residential Building	(8 businesses)
1999	Manufacture of Explosives and Pyrotechnic Products	
	Guarding and Other Protective Activities	(2 businesses)
2000	Farming of Cattle	
	Scheduled Air Transport	
	Non-Scheduled Air Transport	(3 businesses)
		Total (48 businesses)

List of Restricted Businesses After Year 2000**Restricted (32 businesses)**

Growing of Cereal Grains, Inshore Fishing, Coastal Fishing, Sea Fishing n.e.c., Manufacture of Tobacco Products, Publishing of Newspapers, Publishing of Periodicals, Collection, purification and Distribution of Water, Wholesale of Meats, Retail Sale of Arts and Antiques, Supporting Air Transport Activities n.e.c., Mutual Credit Financial Intermediation, Other Credit Granting n.e.c., Stable-Fund Management Companies, Title Guarantee Insurance, Medical Care Insurance, Workman's Accident Compensation Insurance and Other Social Security Insurance, Commodity Exchanges, Insurance Appraisal, Activities auxiliary to Insurance and Pension Funding n.e.c., Rental of Real Estate n.e.c., Land Development, Legal Representation, Legal Document Services, Legal Services n.e.c., Personnel Supply Services, Investigation, Radio Broadcasting, Television Broadcasting, News Agency Activities, Horse Racing Track and Similar Stadium Operation, Gambling.

Partially Restricted (46 businesses)

Farming of Cattle, Fish Farms-Sea, Seeding and Hatching of Aquatic Animals & Plants, Manufacture of Biological Products, Manufacture of Explosive and Pyrotechnic Products, Distilling of Ethyl Alcohol, Husking of Cereal, Manufacture of Starches and Starch Products, Publishing of Books, Brochures, Musical Books and Other Publications, Upset Printing, Electric Power Generation, Wholesale of Seed, Retail Sale of Grain, Coastal Water Passenger Transport, Coastal Water Freight Transport, Sea and Coastal Water Transport n.e.c., Scheduled Air Transport, Non-Scheduled Air Transport, Air Freight and Land Freight Handling, Ground Management of Airplanes, Wire Telegraph and Telephone, Wireless Telegraph and Telephone, Telecommunications n.e.c., Domestic Banking, Investment Companies and Investment Trust, Trusts and Trust Companies, Other Financial Intermediation, Life Insurance, Accident Insurance, Insurance against Loss, Life Insurance-Reinsurance, Non-Life Insurance-Reinsurance Securities Dealing Activities, Other Activities Auxiliary to Financial Intermediation n.e.c., Insurance Agent and Broker, Rental of Residential Building, Rental of Non Residential Building, Subdividing Resi-

dential Building, Subdividing Non-Residential Building, Employment Agency Services, Guard and other Protective Activities, Credit Rating Services, Vocational Training School, Preliminary Training Course, Golf Course Operation, Wire Broadcasting.

Hyundai Plans To Build Steel Mill

**SK1511053395 Seoul THE KOREA HERALD
in English 15 Nov 95 p B1**

[Report by staff reporter Yi Kap-su]

[FBIS Transcribed Text] In July 1994, the Hyundai Business Group leaked its intention to build a large integrated steel mill through an economic daily in Seoul.

At that time, the group's ambitious plan appeared to fizzle out as it met its big hurdle: opposition from the Ministry of Trade, Industry and Energy [MOTIE] citing a forecast of a glut in the local steel industry.

But the group is still adamantly insisting on the plan. The group leaked its intention to the media once again.

While having lunch with a few journalists informally Oct. 18, Pak Se-yong, chief of planning and coordinator of Hyundai Business Group, disclosed the group's plan to build a 10 million ton steel mill.

"Hyundai will continue to push ahead with building an integrated steel mill as the domestic steel demand is expected to far surpass the domestic supply in the future," said Pak, who is concurrently president of Hyundai Corp. and Hyundai Merchant Marine Co.

"Although the government hopes that Hyundai will build a mini mill," he continued, "it is impossible for Hyundai to meet the group's own demand for such high-tension steel sheets such as cold- rolled sheets used for cars with the setup of the mini mill." Hyundai has an ambitious plan to expand its auto and shipbuilding operations.

"After consulting with relevant ministries on the construction of a steel mill, including MOTIE, Hyundai plans to submit an application for the project," said Pak.

Noting that Hyundai's construction of a steel mill is very necessary considering the nation's total demand and supply of steel and the group's own demand, he said that Hyundai will continue to persuade relevant government agencies to allow its steel mill construction project.

Asked about the site to house the steel mill, Pak said "We are considering building the steel mill on regions near the country's southern or western coasts."

Hyundai is widely known to have an ambitious plan to build an integrated steel mill with a production capacity

of 10 million tons by the year 2000 by pouring some 8 trillion to 10 trillion won (about \$10 billion to 12 billion) into the project.

"Along with the construction of a steel mill in the country, Hyundai will actively push ahead with its smelting business abroad," said Pak.

"Currently, we are considering building smelters in one or two countries among Australia, Venezuela, Brazil, and India. All of them are capable of supplying gas and iron ore simultaneously," he said.

However, Hyundai will have to tide over many hurdles before accomplishing its ambitious plan to build the steel mill as the MOTIE still sticks to its earlier position not to allow Hyundai's move, fearing a possible oversupply of steel in the future.

Hyundai's maneuvering appears to be designed to sound out the response of the media, relevant government agencies and the public. Officials in the MOTIE are firmly against Hyundai's alleged plan.

They expressed, in the first place, displeasure with the business group's tactful attitude.

"Hyundai has been leaking its steel mill project before officially discussing it with us. We believe this move is aimed at creating a perception among the public that the plan is a fait accompli," said a senior MOTIE official who wanted to be anonymous.

Yi Kun-u, director-general of the MOTIE's basic industry bureau, made clear his objection to the steel mill project.

"If Hyundai sets up a 10-million steel mill, it will cause a glut, taking into account the nation's steel demand and supply mapped out by the Korea Institute for Industrial Economics and Trade (KIET)," he said.

"In fact, I don't want to mention about Hyundai's move as the group did not present any mill construction plan to the MOTIE and it has no need to present such a plan to the ministry," said Yi.

"Without the MOTIE's approval, Hyundai Business Group is able to expand its steel business through its subsidiaries such as Inchon Iron and Steel Co. and Hyundai Pipe Co.," he said.

"Since the group can build the blast furnaces on its own through its steel-related subsidiaries, it has nothing to discuss with the MOTIE," Yi said. But Hyundai should get approval from the ministry if and when it introduces the blast furnace technology from abroad.

The group must first of all persuade MOTIE officials to support its plan, which will prove to be a very difficult, if not an impossible task, business watchers here say.

Without MOTIE's support, it will not be able to get a permission from the Ministry of Construction and Transportation to reclaim coastal areas to house the steel mill, they speculate.

MOTIE's backing will also be essential to the securing of funds needed to get the project going on. On financing, it will need to consult with the Ministry of Finance and Economy.

Meanwhile, the sharp confrontation between the MOTIE and Hyundai over the construction of a steel mill largely stems from the different forecasts of the nation's demand and supply of steel in the future.

Hyundai appears to think that the explosive growth of the domestic automobile and shipbuilding industries will far surpass the nation's steel plate supply capacity.

At the same time, the group hopes to secure a stabilized supply of steel plates for Hyundai Motor Co. and Hyundai Heavy Industries, both large consumer of high-tension steel plates.

MOTIE officials acknowledge this. Citing a recent study by Korea Iron Steel Association, they said demand for steel sheets will exceed supply by some 1.5 million tons around the year 2001. They asserted, however, that a shortage of this magnitude hardly justifies a new steel mill.

An integrated steel mill, they said, needs to have a minimum crude steel production capacity of 8 million to 10 million tons to be economically viable.

As Hyundai's alleged plan envisages a 10 million-ton mill, it meets the optimum production capacity standard. But this does not mean that Hyundai can run the mill profitably.

According to MOTIE officials, the world steel industry has been experiencing a glut for years. Many steel mills in the United States, Europe and even Japan have been forced to rationalize their operations to stay afloat.

Of course, it will take several years for Hyundai to build the steel mill and by that time, the world steel industry may have been restructured.

If Hyundai builds a 10 million-ton mill, MOTIE officials said, domestic steel supply will exceed demand and Korean steel mills will have to compete with newly emerging low-cost producers from other countries.

The officials were critical about Hyundai's alleged plan in another respect: The attempt for an automaker or a shipbuilding firm to move toward steel manufacturing for self-sufficiency of raw material is dangerous.

The reason is that if, for instance, the steel operation goes wrong, because of an industry-wide recession, it may imperil the auto production of the company.

The vertical integration, they noted, will benefit Hyundai only when it can run the steel mill more efficiently than others.

The controversy about a new steel mill is, in retrospect, the result of the government's failure to accurately predict the supply and demand of steel products.

In 1992, MOTIE estimated that the annual domestic demand for steel products would grow by 3.7 percent a year and reach around 30 million tons by 2001. In less than two years, a new estimate put the demand volume at 48.4 million tons for 2001.

The gap, according to MOTIE officials, was caused largely by explosive growth of the automobile and shipbuilding industries.

As a result of the erroneous forecast, an imbalance is expected in the demand and supply of steel products in the future, market analysts here say.

Meanwhile, MOTIE officials anticipate that around 1997, domestic supply of such products as iron reinforcing bars, steel bars and section steel will exceed demand by more than 2 million tons, while steel sheets like hot coils and cold-rolled plates will be in short supply.

They expect demand for high-tension, steel sheets used for autos will increase from 3.1 million tons last year to 5.1 million tons in 2001.

Domestic consumption of steel plates for shipbuilding is expected to double from 1.5 million tons in 1993 to 2.3 million tons in 2001.

To meet the rise in steel sheet demand, MOTIE allowed Pohang Iron and Steel Co. (POSCO) to build a blast furnace with an annual production capacity of 3 million tons last May.

The expected excess demand can also be met if POSCO successfully develop the so-called Corex technology which simplifies the existing iron-making and steel-making processes, MOTIE officials said.

Taking these and other factors into consideration, Hyundai's ambitious steel mill plan is likely to be materialized after a considerable period of time has passed.

Ministry Notes Foreign Investment 'Lackluster'
SK1611011395 Seoul THE KOREA HERALD
in English 16 Nov 95 p 8

[FBIS Transcribed Text] Foreign investment in South Korea has been lackluster, compared with that in neighboring Asian countries, the Ministry of Trade, Industry and Energy (MOTIE) said yesterday.

Releasing its report on the analysis of the world's direct investment trend, the MOTIE said that foreign investment in South Korea totaled \$12.53 billion at the end of 1994 on an outstanding basis, representing a mere 3.3 percent of the nation's 1994 GNP (gross national products).

The comparable foreign investment portion stood at 43.9 percent in Malaysia, 32.7 percent in Indonesia, 91 percent in Singapore, 15.5 percent in China, 11.2 percent in Thailand and 5.6 percent in Taiwan.

To keep with the globalization trend of the world economy, accordingly, the Seoul government needs to further improve foreign investment climate here, a MOTIE spokesman said.

In the meantime, China has emerged as the most attractive country among developing countries for foreign investors.

China attracted foreign investment totaling \$27,515 million in 1993 or about 38.8 percent of the total foreign investment in all developing countries standing at \$70,812 million.

Singapore came next with the foreign investment of \$6,830 million, Argentina with \$6,305 million, Mexico with \$4,901 million, Malaysia with \$4,351 million, Thailand with \$1,715 million and Hong Kong with \$1,667 million.

In terms of overseas investment, the United States was the largest investor in 1994 with its overseas investment accounting for 28 percent of the total overseas investment made by all countries in the world, the MOTIE said.

Japan was the biggest overseas investor in the world during the late 1980s-early 1990s period, but the United

States has emerged as the top overseas investor since 1992, the spokesman said.

Overseas investment by the United States has centered on Canada and Latin America and that by Japan has been focused on China, Indonesia and other Asian countries.

Direct Overseas Investments Increase
SK1511095695 Seoul YONHAP in English
0828 GMT 15 Nov 95

[FBIS Transcribed Text] Seoul, Nov. 15 (YONHAP) — South Korea's direct overseas investments are on a sharp increase, though the figure is still relatively small when compared to the country's Gross National Product (GNP).

The country's direct investment overseas totaled 1,331 million U.S. dollars during the first half of the year, up 47.1 percent over the same period last year, according to "the current trend of South Korea's overseas investments" released Wednesday by the Ministry of Trade, Industry and Energy.

Overseas investments increased from 1,125 million dollars in 1991 to 1,255 million dollars in 1992, 1,317 million dollars in 1993 and 2,347 million dollars in 1994, the ministry data said.

Last year's figure represents a mere 0.62 percent of the country's GNP, compared with 0.71 percent for the United States in 1994, 0.85 percent for Japan in 1993, 2.7 percent for Britain in 1993, 0.75 percent for Taiwan in 1993 and 1.37 percent for Singapore in 1993.

As of the end of June this year, America secured the lion's share of South Korea's total overseas investments with 28.1 percent or 2,453 million dollars, followed by China with 15.9 percent or 1,389 million dollars, according to the data.

By industry, the country's investments abroad have increasingly centered on electronics and electricity.

Burma

Aung San Suu Kyi Views Students' Role
*LD1611101495 Melbourne Radio Australia
in English 0900 GMT 16 Nov 95*

[FBIS Transcribed Text] Burma's opposition leader, Aung San Suu Kyi, has highlighted the role of students in riots to bring down the military government eight years ago. Evan Williams reports [that] Ms Suu Kyi marked the role of students in Burma's struggle for democracy on the 75th anniversary of the first anti-British strike in Burma's colonial days.

[Williams] In a direct reference to continuing military rule, Suu Kyi told several hundred people at her Rangoon compound Burma had achieved independence, but the people have not. She was one of four speakers, including a member of Burma's first organized independence group, marking Independence Day, the anniversary of the first Burmese strike by university students against British rule. Suu Kyi highlighted the leading role of students in Burma's fight for democracy ever since, including their lead in the 1988 riots against military rule that left hundreds dead after soldiers opened fire.

Her reference to the students and their fighting peacock symbol will rankle senior military officials, who can see any active opposition as illegal.

Evan Williams, Bangkok.

Japanese Spokesman Interviewed on Ohn Gyaw Visit

*BK1111130795 London BBC in Burmese
to Burma 1345 GMT 10 Nov 95*

[Telephone interview with Mr. Yakabe, spokesman of the Southeast Asian Division-1 of the Department of Asian Affairs of the Japanese Foreign Ministry, in Tokyo, by BBC correspondent Bala Zeya; date not given—recorded]

[FBIS Translated Text] [Zeya] Could you tell us a bit about what Burmese Foreign Minister U Ohn Gyaw and responsible Japanese officials discussed when U Ohn Gyaw was in Japan?

[Yakabe, in Burmese] Yes, okay. Foreign Minister Kono and U Ohn Gyaw held one meeting, and Deputy Foreign Minister (Suda) and U Ohn Gyaw held two meetings. What we mainly told him is that, as a first step, more progress has been made to begin the (?investments) in Myanmar [Burma], but we expect Myanmar to strive more constructively and more publicly to perform its tasks.

[Zeya] What exactly did the Japanese officials tell the Burmese foreign minister regarding the Japanese Government's assistance to Burma?

[Yakabe] It is like this. We changed our economic policy [preceding word in English] following the release of Daw Aung San Suu Kyi. We basically suspended our economic assistance earlier, but we have noticed the development, including Daw Suu Kyi's release. So we have changed our policy and told him that we are planning to assist mainly in ongoing projects [preceding two words in English] and in a sector known as basic human needs [preceding three words in English], which will bring direct benefit to the public.

[Zeya] Thank you. I would like to ask you about something else. U Ohn Gyaw said Burma will hold talks with Daw Aung San Suu Kyi.

[Yakabe] Yes, yes, yes.

[Zeya] Did he really say that?

[Yakabe] It is like this. The military government may have plans to hold talks with Daw Aung San Suu Kyi, but he did not mention exactly when the talks will take place.

[Zeya] Another thing he mentioned was that the SLORC [State Law and Order Restoration Council] government and Daw Aung San Suu Kyi still have contacts. What does he mean?

[Yakabe] He said there is always contact between the responsible Myanmar Government officials and Daw Aung San Suu Kyi.

[Zeya] Another thing is that U Ohn Gyaw said during the news conference that Burma will send the highest-level [preceding word in English] delegation to the Association of South East Asian Nations [ASEAN] meeting to be held in Bangkok in December. Can you confirm this?

[Yakabe] Do you mean the ASEAN Summit Meeting? I think he did not explain very well regarding this matter.

[Zeya] Another thing I would like know clearly is Japanese foreign policy on Burma, especially on assistance to Burma. What kind of exceptions and rules has the Japanese Government imposed on the SLORC government in Burma?

[Yakabe] As I mentioned earlier, we have explained to U Ohn Gyaw that we have a plan to provide ODA [Official Development Assistance], but we are looking at the political situation in Myanmar and a decision will be made on a case-by-case basis. Frankly, it depends on the political situation in Myanmar. The release of Daw

Aung San Suu Kyi is one of the developments, but we are not providing full ODA.

Brunei, Malaysia & Singapore

Malaysia

Defense Minister Comments on Thai Incident

BK1311092495 Kuala Lumpur *THE STAR* in English
13 Nov 95

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Kuala Lumpur — Malaysia will not try to cover up any form of action taken by its navy in a shooting incident involving a Thai trawler which resulted in the deaths of two Thai fishermen last Monday, Defence Minister Datuk Syed Hamid Jaafar Albar said yesterday.

"It is up to the relevant authorities to investigate. We are open and will co-operate and hope that the good relations between Malaysia and Thailand will not be affected," he told reporters on his return after a week-long visit to South Africa.

He said the ministry would provide whatever information needed to help in the investigation.

In the incident, a navy patrol craft, KD [Royal Navy vessel] Mustari, fired warning shots at a 20-tonne Thai fishing boat about 175 nautical miles off Kuantan last Monday, resulting in the deaths of two of its seven crew members.

"I think in this particular incident, we have taken all the necessary precautions and subsequent actions taken were in accordance with international procedures.

"In their action, the navy had no intention of causing harm to any civilian, but it was more as a warning as they had encroached into our waters," Syed Hamid said.

He regretted that the incident had caused death and affected Malaysia's friendly neighbour.

Syed Hamid said the five Thai fishermen detained had been charged in court and all the procedures were followed.

He added that the matter should be left to the Foreign Ministry to settle with its Thai counterpart.

Economic, Technical Accord Signed With Guyana

BK1411054095 Kuala Lumpur *Voice of Malaysia* in English 0800 GMT 13 Nov 95

[FBIS Transcribed Text] Malaysia and Guyana have signed an agreement on economic, scientific, and technical cooperation. Foreign Minister Datuk Abdullah Ahmad Badawi signed for Malaysia, while the South

American country was represented by High Commissioner Laleswar K.N. Singh.

Datuk Abdullah said he was confident the agreement would expand bilateral ties in many ways. In this connection, Malaysia is prepared to provide technical training for Guyana.

Laleswar K.N. Singh, in turn, said Guyana is a potentially rich country, and he invited Malaysian businessmen to look into the possibility of tapping its huge resources.

Namibian President Arrives for Working Visit

BK1511110995 Kuala Lumpur *Voice of Malaysia* in English 0800 GMT 15 Nov 95

[FBIS Transcribed Text] Namibian President Dr. Sam Nujoma arrived in Kuala Lumpur today for a four-day working visit to Malaysia to enhance trade and investment cooperation. Dr. Nujoma, who leads a 17-member delegation, was welcomed at the Kuala Lumpur International Airport by Prime Minister Datuk Sri Dr. Mahathir Mohamed.

Dr. Nujoma and Dr. Mahathir are scheduled to hold bilateral discussions later today. During the visit, Dr. Nujoma is also scheduled to meet a consortium comprising Malaysian companies involved in various projects in Namibia.

Antipiracy Exercise Held in Sulu Sea

BK1411061895 Kuala Lumpur *THE STAR* in English 14 Nov 95

[Unattributed report — received via Internet]

[FBIS Transcribed Text] SANDAKAN — Malaysia and the Philippines put 500 armed men to war yesterday in piracy-prone Sulu Sea in a historic multi-agency border operation between the two countries.

Code-named Philmal 1, the seven-day Philippines-Malaysia co-ordinated patrol exercise began at 9am from KD [Royal Ship] Sri Sandakan base here, with seven ships and four planes of the navy, air force, Customs, police, and Fisheries Department heading for Zamboanga City.

"It is a symbol of our will and commitment to ensure safety on our waters," said operations chief First Admiral Datuk Hashim Mohamed in launching the exercise born out of Border Patrol Co-ordinating Group agreements.

Hashim said the operation was directed against all forms of law violation such as piracy, smuggling, illegal movement of people, marine pollution, illegal extraction

of marine resources, destruction of corals, and other marine life.

He said the Sulu Sea had a long history of illegal activities because of its geographical characteristics with hundreds of islands and sheltered harbours.

"But the very characteristics could also be turned into economic advantage and our job is to provide the right environment to harness its full potential," he added.

He said the islands, coral reefs, coves, and general calm of the sea had great potential for tourism.

Hashim, director of the Maritime Enforcement Co-ordinating Centre in the Prime Minister's Department, said the exercise would emphasise training, testing communications, and improving standard operation procedures.

The three phases of the exercise would be harbour training in Sandakan; operational training at sea; and evaluation and analysis in Zamboanga City.

Hashim and Major-Gen Ruperto Ambil Jr, leading the Filipinos, hoped to reach Zamboanga on Saturday where the closing ceremony would be held on Nov 20.

Singapore

Ministry Details Trade Figures for Third Quarter

BK1411104095 Singapore BUSINESS TIMES
in English 14 Nov 95

[Unattributed report; all figures in Singapore dollar — received via Internet]

[FBIS Transcribed Text] Economic growth picked up to 9 per cent in the third quarter on the back of a strong electronics upswing and buoyant regional growth, the Ministry of Trade and Industry [MTI] announced yesterday.

The growth momentum — up from the revised 7.3 per cent and 8.4 per cent in the first two quarters — is expected to continue into the next two to three quarters, MTI said. For the first nine months, gross domestic product (GDP) growth came to 8.3 per cent.

And with the outlook for the electronics industry and for the regional economies still bullish for the next half year, MTI has raised its 1995 growth forecast to 8-8.5 per cent — in line with private sector projections.

The underlying momentum is even more pronounced from the quarter-to-quarter growth rates: the seasonally adjusted and annualised figures show a steady pick-up from 5.5 per cent in the first quarter to 12.3 per cent in the second to 13.9 per cent in the third.

At this rate, even if GDP in the fourth quarter stays at third-quarter levels, "you'll still get fourth-quarter (year-on-year) growth of 8.7 per cent, and 8.35 per cent for the full year", says an economist with a stockbroking firm, who declined to be named.

The economist had just last week bumped up the third-quarter forecast from 7.5 per cent to 9 per cent following the recent string of strong trade numbers, and is now looking at about 8.5 per cent for the full year.

Another economist who was pretty much spot-on in his forecast is Bernhard Eschweiler of J.P. Morgan. He recently raised his third-quarter GDP projection to 8.9 per cent after the August industrial production and September stock market turnover tallies.

Mr Eschweiler's 1995 forecast is just slightly above 8 per cent. "You've got to bear in mind — we had a weak start," he said.

Other economists, having forecast about 8 per cent, were pleasantly surprised by the 9 per cent third-quarter rate. MTI yesterday said the strong growth was due largely to robust performances in the electronics and electronics-related industries.

Electronics demand was boosted by the launch of Windows 95 which stimulated the production of personal computers and computer peripherals, the ministry said.

And American investors kept up the flow of manufacturing investment commitments in the third quarter, accounting for more than one-third of the \$2 billion total pledges.

European and Japanese commitments amounted to \$572 million and \$139 million respectively. For the first three quarters, commitments totalled \$4.7 billion.

Growth was somewhat more patchy in the rest of the economy in the third quarter. The construction sector in particular had only 3 per cent growth.

According to MTI, the weak performance was due mainly to the completion of several major projects like Bugis Junction, Century Square, Temasek Polytechnic's Tampines campus, and the near-completion of the Woodlands Mass Rapid Transit line.

Nonetheless, the 1996 construction outlook "should be good as there's quite a strong pipeline of projects", an MTI spokesman told BUSINESS TIMES. He cited the Housing and Development Board's design-and-build scheme, Nanyang Polytechnic, and office projects in Marina Square and Suntec City.

Productivity was at a trend level of 3.7 per cent in the third quarter. Some 23,000 new jobs were created,

but the labour market remained tight. This is likely to continue to put pressure on costs, MTI said.

Its early forecast for next year is 7-8 per cent. This takes into account the favourable external environment, a likely easing off of global electronics demand, and domestic cost concerns.

Cambodia

Sam Rangsi Claims Activist 'Brutally Murdered'

*BK1611050195 Hong Kong AFP in English
0304 GMT 16 Nov 95*

[FBIS Transcribed Text] Phnom Penh Nov 16 (AFP) — A political activist working for a newly-founded opposition party was brutally murdered by police earlier this month while signing up supporters in one of Cambodia's rural provinces, the party's founder and prominent dissident Sam Rangsi claimed Thursday.

Trinh Pheng, 36, was allegedly arrested on the morning of November 2 while collecting thumbprints and signatures in the provincial capital of Takeo province 77 kilometers southeast of Phnom Penh, according to an investigation conducted by the Khmer Nation party, Sam Rangsi said.

"In the evening, he was pulled, while still alive with his arms tied behind his back, screaming, behind a pick-up truck," Sam Rangsi said quoting witness statements given to his investigators. "His body was found in pieces."

"We suspect he was killed because he was working for us openly. There was no reason for the police to arrest him and make him suffer like this."

Sam Rangsi said the murder had not been reported to police as the victim's family had fled the province and were in hiding.

"It is up to Khmer Nation to do something," he said.

Human rights officials in Phnom Penh said they would investigate the allegations.

"If this is true it may be the beginning of a long string of incidents of political violence," said one official who was informed of the Khmer Nation report Thursday.

Scores of people were murdered in political violence in the run-up to the United Nations-sponsored general election in 1993. The next general election is scheduled for 1998.

Khmer Nation, a strongly nationalist opposition party, which Sam Rangsi founded on November 9 — Cambodia's Independence Day — has yet to be recognized by the government.

Though government officials say they do not oppose the creation of the party, they have declared Khmer Nation to be illegal because they say it has not conformed with all the proper registration regulations.

Sam Rainsy, who was expelled from the royalist FUNC-INPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] party and parliament earlier this year, says he has submitted all the necessary documents.

Official Reports Dry Season Planting Plan

*BK1511142595 Phnom Penh REAKSMEI
KAMPUCHEA in Cambodian 15 Nov 95 p 4*

[FBIS Translated Text] Chhea Song, state secretary for agriculture, forestry, and fisheries, told REAKSMEI KAMPUCHEA that the ministry has prepared over 2,000 metric tons of rice seed and over 10,000 liters of fuel oil for distribution to needy farmers during the upcoming flood receding and dry season production. This preparation is aimed at enabling all provinces and cities to try their best to expand dry season rice acreage so that they can at least produce as much rice as last year in order to avoid a grain shortage.

The state secretary stressed: Concerning the water situation, many large dikes and reservoirs have stored enough water because of the adequate rainfalls at the end of the season. Flood water in the paddy fields is also sufficient for rice to grow until the harvest season. Thus, it is expected that there will be no water problems. The ministry, however, has advised the provinces to use water appropriately. In particular, the people should repair the small irrigation networks in their localities in order to store water for effective use during the dry season. Areas that can plant twice a year should continue this effort. If they are short of rice seed and fuel oil to use in pumping water through the main ditches, the ministry will provide these accordingly.

The state secretary also emphasized: Rice seed is not being distributed to the farmers free of charge. It will be advanced to the farmers based on proper requests through provincial and municipal agricultural services. After the harvest, the farmers must repay the state for the seed advanced. The ministry also has hundreds of water pumps given by the Japanese Government and the FAO [Food and Agricultural Organization]. Some of these water pumps are for sale to the farmers, and others are being kept for use in areas suffering from water shortages.

The state secretary added that some provinces have now reduced their floating-rice acreage and are now growing flood-receding rice. For example, Takeo Province is

now capable of growing approximately 10,000 hectares of the flood-receding rice. Floating rice production takes longer and yields not more than 1.2 metric tons per hectare. The yield per hectare of flood-receding rice is not less than 2.5 metric tons. If there is sufficient water, it could be planted twice a year.

It should be noted that the Agriculture Ministry fulfilled its plan last year to grow 160,000 hectares of dry season rice with a yield of not less than 2.5 metric tons per hectare. The state secretary believes that there will be no rice shortage next year, judging from the rainy season and dry season rice plans.

Khmer Rouge on 'Laws' To Deport Vietnamese

BK1411042195 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 13 Nov 95

[Interview with Mak Ben, minister of rural areas, agriculture, and water conservancy of the Provisional Government of National Union and National Salvation of Cambodia, by an unidentified correspondent on 13 November; place not given — recorded]

[FBIS Translated Text] [Correspondent] Greetings, Your Excellency. What did the Provisional Government of National Union and National Salvation [PGNUNS] discuss during its 13 November cabinet meeting?

[Mak] The PGNUNS cabinet closely examined and discussed the issue of enacting nationality and immigration laws to solve the problem of deporting ethnic Vietnamese back to Vietnam. The cabinet decided to set up a national committee to draft these laws. The committee's duty is to prepare nationality and immigration bills to deport ethnic Vietnamese from Cambodia and send them back to Vietnam. Its mission is to be completed by mid-December. The PGNUNS will officially endorse and implement the laws beginning on 1 January 1996, which is the deadline.

[Correspondent] Excellency, can you tell us some of the reasons why the PGNUNS is enacting these nationality and immigration laws?

[Mak] One of the reasons is that we have been urged by our nation and people to enact these nationality and immigration laws immediately; without any further delay. The two-headed lackeys of communist Vietnam have dragged their feet for years. They have enacted neither a nationality law nor an immigration law to deport ethnic Vietnamese from Cambodia. As a matter of fact, the two-headed regime is nothing but a subservient lackey of communist Vietnam. If it enacts any immigration law, that law must serve communist Vietnam's interests and its strategy of swallowing up

Cambodia. Such a law will only legalize the presence of ethnic Vietnamese in Cambodia and permit more ethnic Vietnamese to pour in and swamp Cambodia. They will continue to swallow the land, water, population, economy, countryside, rice fields, and home towns of the Cambodian people and the cities, culture, mores, and traditions of the Cambodian nation. In other words, they will swallow and dissolve all of present-day Cambodia and make it part of Vietnam, just as it did to Kampuchea Kraom [former Cambodian territory now part of Vietnam].

The danger of communist Vietnam snapping at and gulping down Cambodia is very real. Communist Vietnam has been trying to swallow Cambodia through both a military war and a demographic war. I would like to stress that the Cambodian nation and people cannot wait any longer for the two heads. We have no hope in them at all. The PGNUNS, therefore, has an obligation to enact these nationality and immigration laws to solve the problem by sending ethnic Vietnamese back to Vietnam, just as other countries in the world have done and are doing.

The more than 4 million ethnic Vietnamese are no ordinary refugees. These 4 million-plus ethnic Vietnamese constitute a force of aggression, expansion, annexation, and genocide against Cambodia. They have plunged and are plunging our country and society into all kinds of insolvable crises — the Vietnamese have robbed us of our land, rice fields, orchards, rivers, lakes, ponds, streams, brooks, forests, businesses, and jobs. Moreover, these 4 million-plus ethnic Vietnamese have their own Communist Party of Vietnam [CPV], Communist Youth League, Communist Peasants Associations, Communist Women's Associations, armed and semi-armed communist forces, and CPV goons to control the communist Vietnamese puppet administration from Phnom Penh down to the provinces, districts, communes, and villages and run the affairs of all ministries and departments.

In summary, in preparing the nationality and immigration laws to deport ethnic Vietnamese from Cambodia and send them back to Vietnam, the PGNUNS will merely be performing one of the nation's political duties. This duty must be fulfilled at all costs because it pertains directly to Cambodia's national independence, national unity, national sovereignty, peace, neutrality, and territorial integrity. Moreover, the Cambodian nation and people reserve the right to solve the problem of the ethnic Vietnamese by all means so as to prevent them resolutely from continuing to commit aggression, expansion, annexation, and genocide against Cambodia.

Indonesia**Murdiono Views Gore Presence at APEC Meeting**

BK1611130995 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 16 Nov 95

[FBIS Translated Text] Indonesia hopes that the APEC [Asia-Pacific Economic Cooperation] summit to be held in Osaka on 19 November will produce decisions that are connected with the agreements reached at the previous APEC summit in Bogor last year. This was stated by Minister/State Secretary Murdiono this afternoon in connection with President Suharto's visit to Osaka, Japan from tomorrow until 20 November to attend the APEC summit. He said Indonesia expresses the hope that two important proposals will be successfully upheld; namely, the action agenda and the statement by the leaders.

Responding to questions regarding U.S. President Clinton's absence, Minister Murdiono said the President's absence would definitely have some impact but would not totally affect the meeting:

[Begin Murdiono recording] President Clinton's absence will definitely have some impact. Generally, though, I feel that the issue will not have any great impact on the decisions made by the leaders in Osaka. Why? Because President Clinton said that Vice President Al Gore will be representing him. I personally believe that President Clinton will give his full mandate to Vice President Al Gore to represent him. [end recording]

President Suharto will be accompanied by his wife, Mrs. Tien Suharto, and an APEC delegation comprising Hartarto, coordinating minister for trade and industry; Foreign Minister Ali Alatas; Minister/State Secretary Murdiono; Ambassador Nana Sutresna; and Professor Wijoyo Didisastro.

President Suharto will pay a courtesy visit on Japanese Prime Minister Murayama and will hold bilateral talks with several leaders; namely, the prime ministers of Australia, New Zealand, and Singapore.

Spokesman on East Timorese Asylum Seekers

OW1611092995 Tokyo KYODO in English 0858 GMT 16 Nov 95

[FBIS Transcribed Text] Jakarta, Nov. 16 KYODO — Five East Timorese entered the French Embassy compound Thursday morning by climbing over the fence, witnesses said, although embassy officials have so far failed to confirm the incident and whether the five are seeking political asylum in France.

"There were six young men trying to enter the embassy, but only five managed to get in," a witness told KYODO NEWS SERVICE.

The witness said the East Timorese entered the embassy around 11 A.M. (0400 GMT).

A spokesman at the Indonesian Foreign Ministry, Ghafar Fadyl [name as received], told KYODO that if the report is true, the government regrets the situation, which would be similar to recent incidents at the Dutch and Japanese Embassies in Jakarta.

"However, we are consistent with our position that we will not prevent them...they are free to leave this country," he said.

On Wednesday, 21 East Timorese were allowed to leave for Portugal after seeking asylum by entering the Japanese Embassy.

Indonesia invaded East Timor in 1975 and annexed it the following year, calling it the country's 27th province. The United Nations, however, does not recognize the annexation.

East Timorese Youths Leave Japanese Embassy

BK1611093395 Jakarta ANTARA in Indonesian 1955 GMT 15 Nov 95

[FBIS Translated Excerpt] Jakarta, 15 Nov (ANTARA) — Twenty-one East Timorese youths left the Japanese Embassy located on Thamrin Road at about 1800 West Indonesian Time [1100 GMT] on Wednesday. The youths left for Portugal after the Japanese Government rejected their request for political asylum.

Henry Fournier, chief of the Jakarta chapter of the ICRC [International Committee of the Red Cross], said the 21 youths would travel to Lisbon via Amsterdam by KLM Flight KL-832 at 1940 West Indonesian Time.

The youths left the embassy compound aboard an Indonesian Red Cross bus, escorted by an ICRC car and another car belonging to the Japanese Embassy. Earlier, several Japanese Embassy officials were seen standing in front of a building located in the northern wing of the office complex on Thamrin Road. Japanese reporters, who were earlier allowed to enter the complex, were then prohibited from going near the building. Fournier said the Portuguese Government had offered political asylum to the 21 youths who promptly accepted the offer.

Foreign Ministry spokesman Ghafar Fadyl said the public must remain vigilant, even though Indonesia has not prevented the youths' departure. "The public must be vigilant against other efforts to isolate Indonesia in international forums," he said.

Earlier, Fournier said his office had assisted the 21 youths by issuing the necessary documents. In such a situation, the ICRC's duty is to facilitate the departure, and it does not raise questions regarding the youths' nationality. [passage omitted]

E. Timorese Seeking Asylum at French Embassy

*OWI11081195 Tokyo KYODO in English
0727 GMT 16 Nov 95*

[FBIS Transcribed Text] Jakarta, Nov. 16 KYODO — Five East Timorese youths entered the French embassy in Indonesia on Thursday morning apparently seeking political asylum, witnesses told KYODO NEWS SERVICE.

The move followed the departure for Portugal on Wednesday night of 21 young people from the Indonesian-held island who had sought asylum after entering the Japanese embassy.

Laos

Protocol on Economic Ties Signed With Russia

*BK1011134795 Vientiane KPL in English
0931 GMT 10 Nov 95*

[FBIS Transcribed Text] Vientiane, November 10 (KPL) — Laos and Russia on November 08 signed here a protocol on the economic and commercial cooperation for the 1995-1996 period during the visit to Laos by a delegation of the Russian-Lao Intergovernmental Commission for Economic, Commercial, Technical, and Scientific Cooperation between November 05-09.

According to the protocol, the 1995-1996 Lao-Russian cooperation will focus on the cooperation in the areas of business, production and commerce. During the meeting, the two sides discussed possibilities in transport cooperation, Russia's provision of assistance in education and public health for Laos, agreements on investment protection and promotion and on avoidance of double taxation, and expansion and promotion of Russian investment projects in Laos.

The two sides also signed a minute of the second meeting between the intergovernmental commissions for economic, commercial, technical, and scientific cooperation of Laos and Russia.

The protocol was signed at the Vang Sadet government guest house by Mr. Sompadit Volasan, chairman of the Lao-Russian Intergovernmental Commission for Economic, Commercial, Technical, and Scientific Cooperation Commission and Minister of Commerce, and Mr. Y.V. Basin, chairman of the Russian-Lao Intergovern-

mental Commission for Economic, Commercial, Technical, and Scientific Cooperation and minister of construction of the Russian Federation. The signing was made in the presence of Khamphoui Keoboualapha, vice-prime minister and president of the Committee for Planning and Cooperation.

The Russian delegation returned home on November 09.

Government Receives Grant for Clearing Ordnance

*BK1411104595 Vientiane KPL in English
0919 GMT 13 Nov 95*

[FBIS Transcribed Text] Vientiane, November 13 (KPL) — The United Nations Development Programme (UNDP) has granted U.S. \$400,000 to Laos for building capacity in national management and coordination for personnel training for the unexploded ordnance [UXO] clearance project.

The grant will be used in training personnel of the Ministry of Labour and Social Welfare and in provinces where the UXO clearance project operates. The grant will also be for the acquisition of necessary materials for the one-year long project.

The training will involve theory and fieldwork.

The signing ceremony was performed on November 10 at the Ministry of Labour and Social Welfare between Mr. Laoli Faiphengyoua, director of cabinet of the Ministry of Labour and Social Welfare, and Mr. Jeffry Avina, resident representative a.i. [ad interim] of the UNDP in the Lao PDR [People's Democratic Republic].

**Cooperation Committee Meeting With Thailand
Ends**

*BK1011104695 Vientiane Vitthayou Hengsat Radio
Network in Lao 0000 GMT 10 Nov 95*

[FBIS Translated Text] After two days of work, the fifth meeting of the Lao-Thai and Thai-Lao Cooperation Committees successfully closed in Vientiane yesterday afternoon. The Lao delegation was headed by His Excellency [H.E] Somsavat Lengsavat, foreign affairs minister and chairman of the Lao-Thai Cooperation Committee, while the Thai side was headed by H.E. M.R. [Mom Ratchawong — member of royal family] Kasemsamoson Kasemsi, foreign affairs minister of the Kingdom of Thailand and chairman of the Thai-Lao Cooperation Committee. During the meeting, the two delegations reviewed their joint work, in particular the implementation of the memorandum passed during the fourth joint meeting. They also discussed and exchanged views on the stable relations in the political as well as economic and cultural fields between the two countries.

During the closing ceremony, M.R. Kasemsamoson Kasemsi, Thai foreign affairs minister and chairman of the Thai-Lao Cooperation Committee, noted the success of the meeting. He said the two sides are very pleased to see that relations between Laos and Thailand have been effectively developed in all respects. Noteworthy is the cooperation in maintaining public security and order along the border areas between the two countries. The Lao and Thai sides hold a common view that at a time when Lao-Thai relations are developing in a favorable atmosphere, the remaining Lao-Thai border problem should be settled at an early date to promote and enhance the atmosphere of friendship and stability as well as build a basis for cooperation in various spheres.

The two sides also agreed to allow Laos to open a consul general in Khon Kaen Province and allow Thailand to open a consular office in Savannakhet Province.

Philippines

Military Rebels Return High-Powered Weapons

BK1611115795 Quezon City MALAYA in English 10 Nov 95 pp 1, 6

[Report by Gerry de Belen]

[FBIS Transcribed Text] Military rebels have returned to the Armed Forces at least 25 high-powered weapons they seized from government armories during their failed coup attempts in 1987 and 1989.

The Rebolusyonaryong Alyansang Makabansa [RAM — Revolutionary Nationalist Alliance] turned over 20 light anti-tank weapons, two recoilless rifles, five mortar barrels, and hundreds of rounds of ammunition as part of a peace agreement with the government.

Col. Billy Bibit, a RAM official, said the group has directed former RAM field commanders to turn over more weapons in their custody.

The October 13 peace agreement signed between RAM and the government secured amnesty for some 5,000 military rebels, many of whom are to be reintegrated to the AFP [Armed Forces of the Philippines].

Separate peace negotiations are ongoing with the secessionist Moro National Liberation Front and the communist National Democratic Front.

Official Says MNLF Members Threaten Attack

BK1611120095 Manila MANILA STANDARD in English 10 Nov 95 p 12

[Report by Jun Daomilas]

[FBIS Transcribed Text] Cagayan de Oro City — Some 3,000 members of the Moro National Liberation Front

[MNLF] have threatened to attack Talakag, Bukidnon in the boundary of Lanao del Sur, some 35 kilometers south of this city, a top town official said over the radio.

Talakag Mayor Joseph Borreta said the threat was relayed to his office by a civilian intelligence agent, whom he refused to identify.

Borreta said he believed that the armed group was influenced by a barangay [village] captain in Lanao del Sur along the boundary who is working for the conversion of the barangay into a municipality.

"Barangay officials of Tagoloan II want to grab the five disputed barangays of Talakag along the boundary and make it part of Tagoloan II so that their application for a municipality would be approved," Borreta said.

The news of the attack caused fear to the management of Vicmar Logging operating near the boundary of Lanao del Sur, forcing them to send home families of their employees to avoid waste of lives should the plan push through.

MNLF Chairman Nur Misuari, in a radio interview in Jeddah monitored here, said the MNLF forces in the boundary might have been undergoing retraining in preparation for its absorption into the Armed Forces of the Philippines [AFP] as regional security force.

"The Philippine Government has required a certain standard training before the MNLF can finally be absorbed into the AFP," Misuari said, adding that the reported attack plan is a mere speculation.

Misuari said he received report from his men in Manila that the AFP was deploying more troops in Lanao del Sur. "It is not surprising if the MNLF is alarmed by the deployment of the AFP troops," Misuari said in a radio interview.

Mayor Borreta, in the other end of the radio, asked Misuari to prevent the MNLF from making show of force or displaying their firearms. At the same time, he asked Misuari to persuade the barangay captain of Tagoloan II not to encroach on the five disputed barangays of Talakag Town to preserve peace in the area.

"If the MNLF will push through its plan to attack, we are ready to defend the right and properties of the people in the town," Borreta told Misuari over the radio.

Misuari said the MNLF has training camps everywhere in Mindanao. "MNLF has a training camp all over Mindanao, even in Misamis Oriental and Bukidnon," Misuari said.

But this was quickly denied by the AFP in Northern Mindanao. "Misuari's claim of an MNLF training camp

in Misamis Oriental and Bukidnon, is a blatant lie," Lt. Col. Paulino Pardillo, Fourth Infantry Division information officer, said.

Pardillo confirmed the sighting of MNLF group in Kapai, Lanao del Sur. "But Kapai is far from Talakag, Bukidnon," Pardillo said.

He said, should the MNLF push through with its plan to attack Talakag, the AFP here is ready for it. "If they would force themselves to Talakag, we will meet them with force because this would be a violation of the ongoing cease-fire agreement," Pardillo said.

Thailand

Assets Seizure Treaty With U.S. Considered

BK0811052995 Bangkok *THE NATION* in English
8 Nov 95 p A3

[Unattributed report]

[FBIS Transcribed Text] Thailand and the United States may sign a treaty to allow seizure of assets belonging to a citizen of one country convicted in the other country's civil court, the Justice Ministry spokesman said yesterday.

Wichai Ariyananthaka said the ministry was studying the feasibility and the pros and cons of having a civil treaty with the U.S. Government, apart from an extradition treaty for convicted criminals.

The spokesman said the ministry was getting advice from trade law experts from the United Nations.

"We are discussing the advantages and disadvantages of such a treaty," Wichai said.

"We are studying whether it would be more useful for our countries to accept each other's civil court verdicts."

If approved by the two governments, the treaty would allow Thailand to seize the U.S.-based assets of a U.S. citizen if assets confiscated in Thailand could not cover the damages awarded by a Thai civil court, and vice versa, the spokesman said.

"For example, if a civil court ordered a U.S. citizen to pay Bt [baht] 5 million in compensation to a Thai plaintiff but the U.S. citizen had only Bt1 million in assets in Thailand, the treaty would allow us to gain Bt4 million more by seizing the American's assets in the United States," Wichai explained.

The spokesman said the treaty might be useful because Thailand and the United States had a huge volume of bilateral trade, but that it could affect the issue of sovereignty.

General Wirot Denies Commissions in F-18 Deal

BK0911081495 Bangkok *THAILAND TIMES*
in English 9 Nov 95 p A1

[Unattributed Report]

[FBIS Transcribed Text] Bangkok — The Royal Thai Air Force is considering buying the F-18 jet fighters directly from the US Navy without the help of any broker, said Supreme Commander Wirot Saengsanit.

"I will make it the most transparent transaction of arms purchase," said Gen Wirot, responding to allegations that the purchase was designed to generate commissions for certain individuals.

He said, "I don't think anyone will obtain commission fees from the jet purchase. I confirm there is no commission."

The Air Force has insisted that jet fighters have to be fully armed. It has planned to purchase two squadrons of F-18's from the US in which each squadron consists of eight jets. Each unit costs about one billion baht.

Wirot said he did not push for the weapon procurement of the Air Force which is now waiting for a final word about the purchase from the Air Force.

"If the Air force insists that the proposed procurement of jet fighters is indeed advantageous, the purchase will be made," said Wirot.

In another development, an Air Force F-5A jet fighter crashed yesterday in Nakhon Ratchasima.

Group Capt [Group Captain] Sirirat Sikaeo, the deputy secretary of the Air Force, said the plane took off from the air base at Wing 1 Nakhon Ratchasima for a regular training session, at 3:15 pm yesterday. A minute after takeoff, the plane crashed down into a lake in Tambon Hua Thale, Muang district, Nakhon Ratchasima.

The pilot, Lt [Lieutenant] Ratthaphon Phattharalak reportedly died right after the crash. He was a member of Class 29 of the Royal Thai Air Force Academy.

The crashed jet, has been used by the Air Force since 1971, was among the three fighters which were on a training mission.

The cause of the crash is yet to be known.

Last Thursday, an Air Force helicopter crashed into a reservoir in Ubon Ratchathani, leaving 4 persons dead and 7 injured.

Cambodians Attack Border Force; No Casualties
BK1111091395 Bangkok BANGKOK POST
in English 11 Nov 95 p 6

[Unattributed Report]

[FBIS Transcribed Text] Some 20 heavily-armed Cambodians clashed with a Thai border force about a kilometer inside Thai territory here early yesterday, border officials said.

The clash broke out when the Cambodians, dressed in black uniforms, opened fire on the Thai border police who were patrolling along a road running parallel to the frontier with Cambodia, they said.

No casualties were reported.

Burma's Khin Nyunt on Ending Border Problems
BK0811033695 Bangkok BANGKOK POST
in English 8 Nov 95 pp 1, 3

[Report by Suphaphon Kanwirayothin]

[FBIS Transcribed Text] Thai-Burmese ties, under strain since early this year, showed signs of improvement yesterday when a senior member of the junta spoke for the first time about the possibility of bilateral cooperation in the construction of the Kanchanaburi-Tavoy road.

Lt-Gen Khin Nyunt, first secretary of the State Law and Order Restoration Council [SLORC] said border problems could be resolved soon, and the two countries should start looking into how to cooperate better to achieve long-term, sustainable economic development.

Gen Siri Thiwaphan, chief adviser to Foreign Minister Kasemsamoson Kasemsi, described the 45-minute talks he had here yesterday with Khin Nyunt as "very warm and positive".

He said they "created a good atmosphere" for Kasemsamoson's visit to Rangoon this weekend.

Siri brought royally-sponsored kathin [yellow robe] offerings to Nagalagu temple in Rangoon on Monday to mark the annual Buddhist kathin season.

He was given an opportunity to call on Khin Nyunt yesterday before heading back to Bangkok.

The Burmese official reportedly told Siri, former Third Army Region commander, that tensions were "characteristic" of the two countries sharing such a long frontier.

"But these problems are not beyond our capability to resolve," Siri quoted Khin Nyunt as saying.

Burma has closed three main border checkpoints across the border from Chiang Rai, Tak and Ranong.

Rangoon cited Thai support for what it called ethnic insurgency and for drug warlord Khun Sa when it shut down the first two checkpoints.

The doors at Ranong were slammed shut after the brutal murders of a Burmese crew aboard a Thai trawler in August.

Meanwhile, Thai and Burmese officials have completed the groundwork for conclusion of the draft border trade. If signed and enforced, the agreement will be the first of its kind between Thailand and countries with which it shares borders.

Hitherto unregulated, and prone to control by vested interests and various conflicts, border trade with Burma will be brought into line if the agreement comes into force.

Kopsak Chutikun, director general of the Foreign Ministry's Economics Department, said officials had done their share of the drafting, and the two sides awaited further policy advice from higher authorities.

The draft is unlikely to be wrapped up by the time Kasemsamoson arrives in Rangoon this weekend.

Burma has entered into border agreements with all other neighbours with whom it trades, namely China, India and Bangladesh.

It proposed having such pact with Thailand five years ago. But it was not until two weeks ago that Thailand responded with a concrete gesture, according to Kopsak.

Thailand does not have any official border trade agreement with Cambodia, Laos or Malaysia.

"It must be made clear to this point that border trade, once resumed, will not be in the 'wild west' style it once was. It was this style which caused the clashes that led to the eventual closure of the checkpoints," one Thai official said.

Burma Rejects Loan Conditions To Upgrade Road
BK1511085095 Bangkok BANGKOK POST
in English 15 Nov 95 pp 1, 3

[Report by Nutssara Sawatsawana]

[FBIS Transcribed Text] In yet another move reflective of soured Thai-Burmese ties the Burmese Government yesterday rejected conditions attached to a 300-million-baht loan the Thai Government offered for upgrading the Tachilek-Kengtung road in northern Burma.

The Burmese Embassy in Bangkok has notified the Foreign Ministry that Rangoon wanted to use Burmese contractors for the project instead of Thai companies as conditioned by the loan package, according to Director-General of the East Asian Affairs Department Sombun Sa-ngiambut.

The Government two years ago offered to lend Burma the sum to develop the 164-kilometre Tachilek-Kengtung road opposite Chiang Rai's Mae Sai District. The road in Burma forms part of the economic quadrangle zone encompassing China's Yunnan, Laos, Burma and Thailand.

The loan to Burma carries standard strings set by the Finance Ministry — that Thai companies participate and that materials and equipment be sourced in Thailand.

Burma's latest request not to have Thai companies bid in the project would further delay disbursement of the loan, already put on hold once since a Thai private company which volunteered to undertake the road repair failed to secure financial backing.

Informed sources said they are under the impression Burma wants to use its own labour forces and its Construction Ministry to implement the project.

This will violate a condition set by the Finance Ministry, which requires a concessionary loan recipient to allow participation of Thai companies in bidding.

The 300-million-baht loan offered to Burma carries a 1.5 per cent interest rate with a 10-year grace period. Burma can pay back the principal over a period of 20 years. Half the sum must be used to buy materials from Thailand.

Rangoon has also sought to use the money to purchase equipment and materials "of competitive price from Thailand."

Thailand has not yet decided on further moves as both sides have to discuss Burma's requirements.

"If they want something like tractors which we can't produce, it might be difficult for us to get them at a good price because we have to import heavy machinery ourselves. But if they need certain materials like cement and steel, then there is no problem," said Director-General Sombun.

Foreign Ministry Deputy Permanent Secretary Sarot Chawanavirat said officials from the Department of Technical and Economic Cooperation which handles Thai aid programmes will discuss matters by the end of the month in Rangoon.

The Finance Ministry will also have to be consulted because it set the loan conditions.

The Government has already agreed to halve the interest rate from three to 1.5 per cent for this particular loan.

'Source': Burma Border Expected To Open Soon
*BK1611063795 Bangkok BUSINESS DAY in English
16 Nov 95 p 1*

[Report by Staff Writer]

[FBIS Transcribed Text] It will not be long before the Thai-Myanmar [Burma] border is reopened, a source within the Myanmar delegation visiting Thailand said yesterday.

The 27-member delegation, on a five-day official goodwill visit, is headed by Rear Admiral Maung Maung Khin, the deputy prime minister.

"Any time an entire border between two countries is closed, it is indicative of the seriousness of the situation," the source said, adding that what is required to achieve a long-term solution is "goodwill, understanding, transparency and sincerity."

The source added: "The two countries have a common border that is 2,000 kilometers long, and so it is important that good relations prevail".

Expressing optimism that current bilateral problems are manageable, the source stated that border and fishing rights issues between Myanmar and Thailand can be handled on a practical, day-to-day level rather than on a higher, diplomatic level.

Myanmar has closed three border checkpoints as a result of border incidents. It is believed that Myanmar authorities suspect Thailand of being supportive of Karen forces which now constitute the main ethnic group seeking autonomy.

On economic matters, Myanmar's economic development strategy calls for special emphasis to be placed in the growth of key sectors in which capital investments from foreign sources are welcome, the source from the Myanmar [delegation] said.

Given the objective of achieving sustainable economic development, he commented, the key sectors in which foreign investments and participation are viewed favorably include: downstream agriculture, fishery, downstream manufacturing such as value-added merchandise, transportation and tourism.

"Myanmar has an abundance of resources. The country needs investors who can truly perform to the fullest extent," the source said.

Thai investors have been active in Myanmar, the source said, citing large scale fishery concessions to Thai investment groups.

Another example involves Yangon Airways, which has Thai investment partners.

In regard to the tourism industry, the source said that 500,000 visitors are expected next year.

Next year has been designated "Visit Myanmar Year."

The source characterized Myanmar's tourism industry as being in the "experimental stage", and explained that the number of tourists is relatively small compared to neighboring countries such as Thailand and Malaysia.

This will allow the tourism industry to grow at an appropriate rate, the source added.

'Selfish Groups' Blamed for Burma Border Issue

*BK1611073095 Bangkok BANGKOK POST
in English 16 Nov 95 p 9*

[Unattributed report]

[FBIS Transcribed Text] The visit to Thailand by Burma's Deputy Prime Minister Maung Maung Khin should lead to improvement in relations between the two countries, Deputy Army Chief Gen Chettha Thanacharo said yesterday.

Since problems between the two countries have been accumulating for some time, it will take time to solve them, he said.

He said the Foreign Ministry alone is not to blame for the problems but the whole administrative system.

The entire stretch of the Thai-Burmese border has been closed because of border conflicts and problems over fisheries.

Gen Chettha said the Ranong-Kawthaung border problem would be tackled first before "we go on to tackle the Mae Sai-Tachilek and Mae Sot-Myawaddy (the Thai-Burmese Friendship Bridge) issues.

"The problems were mostly spawned by some selfish groups of people and not by the Government, but the whole country is being made to suffer because of their misdeeds," he said.

He was optimistic that with the two countries' stance to negotiate at all levels, the problems would eventually be overcome.

Meanwhile, the United Nations High Commissioner for Refugees [UNHCR] is sending a delegation to Rangoon next week to discuss with the ruling military junta the question of international monitoring for the repatriation of Mons currently on the Thai-Burmese border.

The UNHCR's representative in Bangkok, Ruprecht Von Arnim, said he believed the State Law and Order

Restoration Council [SLORC] would find the proposal for international monitoring "interesting."

The repatriation of Burmese Muslims — known as Rohingyas — from Bangladesh to Rakhine State was "proof of cooperation", he said. The UNHCR has 19 international officers in Rakhine and an office in Rangoon to monitor the process, he added.

As of the middle of this year only 50,000 of the 250,000 people who fled Burma in 1991-92 remained in Bangladesh and the repatriation is scheduled to be completed by the end of this year, according to UNHCR figures.

But Mr Von Arnim noted that there were "two schools of thought" within the SLORC on the Muslims, and that the Burmese leadership's response to the proposal on international monitoring for the repatriation of Mons might be linked to bilateral relations between Thailand and Burma.

The Mon repatriation programme is envisaged for 20,000 people. But only about 10,000 are recognised as refugees, and only half of this population is in Thailand, in Phayao Province, Mr Von Arnim said. The other half are in Halockani in a disputed area on the border.

The Mons on June 29 became the 15th ethnic Group to sign a ceasefire agreement with the SLORC.

The UNHCR on September 1 was informed by the president of the New Mon State Party of plans for a voluntary repatriation.

Mr Von Arnim subsequently went to the border district of Sangkhlaburi, and international monitoring was requested by both the Mon National Relief Committee and the refugees themselves.

Thai authorities are aware of the proposal for international monitoring. The delegation going to Rangoon next week is made up of UNHCR people from Geneva, and follows close on the heels of a UN report circulated at the UN last week which spoke of serious human rights violations in Burma.

Burmese troops have made repeated incursions into Mon villages since the SLORC seized power in 1988, sources noted. In July 1994, some 2,000 refugees fled into Thailand after fighting between Burmese troops and an armed wing of the New Mon State Party. A large number of the refugees were later relocated to Halockani.

Laos 'Interested in' Joint Investment Commission

*BK0511151895 Bangkok THE SUNDAY NATION
in English 5 Nov 95 p A3*

[Unattributed report]

[FBIS Transcribed Text] Laotian Ambassador to Thailand, Bounkeut Sangsomsak, has said that Laos is interested in an initiative to expand Thailand's present International Cooperation Programme to Laos to cover more areas, particularly human resource training programmes to ease Laos' integration into ASEAN.

Thailand this year granted about [Thai baht] Bt90 million-worth of technical assistance to Laos, in a package which included 60 scholarships for bachelor and master degree students, 70 scholarships for training programmes and 10 more for project visit programmes, Bounkeut told THE NATION.

He said Laos last year proposed the training and project visit programmes be reduced, while programmes to support educational systems be increased, especially the provision of educational support materials.

The technical cooperation will be among the topics of discussion at the fifth meeting of Thai-Lao Joint Commission to be held in Vientiane on Wednesday and Thursday.

Laos also wants a higher cut of the import tariffs levied on Laos's 14 agricultural items, he added. The present duty rate is between 0 and 5 per cent.

Laos is expected to ask Thailand to purchase an additional 1,500 megawatts of hydropower, in line with last year's agreement under which Laos would supply 1,500 megawatts of hydropower to Thailand by the year 2,000.

According to Foreign Ministry spokesman Suwit Simasakun, Thailand will propose setting up a Thai-Lao Joint Investment Commission to regulate and boost two-way investment.

Suwit said the two sides would also discuss Thailand's proposed Double Taxation Agreement, under which nationals of one country working in another would not be taxed twice. Laotian officials have informed their Thai counterparts that they will be ready to sign the agreement very soon, he added.

Foreign Minister Kasemsamoson Kasemsi said that bilateral ties between Thailand and Laos have improved satisfactorily but more emphasis should be placed on finding better strategies and a systematic approach for Thai investors to avoid or minimize trade friction with Laos.

Thailand topped Laos' foreign investor list with total investment of about Bt7 billion, followed by the US and South Korea. So far, Thailand is the sole importer of hydroelectricity from Laos.

According to Suwit, both sides are expected to discuss ways to boost economic cooperation through improving existing border and immigration regulations and infrastructure related to cross-border travelling.

The spokesman said this would include a plan to connect the railway system from Nong Khai Province to Vientiane over the Thai-Lao Friendship Bridge and another bridge Laos proposes constructing across the Heuang River between Loei province and Laos' Sayaboury.

He said the two sides would also discuss cooperation to maintain peace along the border and to combat drug smuggling, and would review progress on the repatriation of about 6,000 Laotian refugees still in Thailand.

Import Tax for 7 Lao Farm Products Reduced

*BK0711062095 Bangkok BANGKOK POST
in English 7 Nov 95 p 6*

[Unattributed report]

[FBIS Transcribed Text] The government's international economic policy committee has resolved to reduce import tax for seven kinds of Laotian agricultural products, Agricultural Economics Office deputy secretary-general Bunmi Chantharawong said yesterday.

The products are pickled lettuce, fresh and pickled ginger, pickled cucumber, pickled bamboo shoots, salt, paper mulberry skins, and paper made of paper mulberry.

The committee chaired by Deputy Premier Amnuai Wirawan decided last week to have the Agriculture and Cooperatives Ministry work out how much the tax should be reduced. These products are now subject to up to 60 per cent taxation.

Local supplies of the seven kinds of products are not sufficient and Thailand did not plan to increase local production.

Laos had requested the tax reduction for nine items of agricultural products but the import tax of pickled mango and pickled garlic cannot be reduced in order to protect Thai farmers, Mr. Bunmi said.

The committee also decided to reduce import tax for 23 items of agricultural products in line with the General Agreement on Tariffs and Trade for Laos. Although Laos was not a GATT member, it should receive the tax reduction as it was Thailand's neighbour, Mr. Bunmi said.

Cambodia and Burma would also enjoy the tax reduction from Thailand.

Transport, Tax Issues Scheduled for Lao Talks

BK0711134795 Bangkok BANGKOK POST (INSIDE INDOCHINA Supplement) in English 7 Nov 95 p 1

[Report by Phanrawi Tansupphaphon and Saritdet Marukhathat]

[FBIS Transcribed Text] Building rail links, scrapping double taxation and setting up a joint body to boost investment are high on the agenda for talks between Thailand and Laos tomorrow.

Foreign Minister M.R. Kasemsamoson Kasemsi and Laotian counterpart Somsavat Lengsavat will co-chair a Joint Commission meeting in Vientiane.

Thailand is confident an agreement on building the Nong Khai-Vientiane railway can be sealed in time for a groundbreaking ceremony early next month.

Agreement on the double taxation issue is possible early next year after Laos changes its laws.

The Thai consulate in Savannakhet is likely to open by the end of this year. The Laotian consulate under construction in Khon Kaen is scheduled to be opened by July at the latest.

Vientiane wants Bangkok to give a reassurance it will buy 1,500 megawatts of electricity, as agreed, to guarantee a market for at least 34 hydro-power projects planned in Laos.

British law would be used to settle differences on the issue, following talks between the Electric Generating Authority of Thailand and Electricite du Laos, said Laotian Ambassador to Thailand Bounkeut Sangsomsak.

Laos wants a further 200 million baht to upgrade Luang Prabang Airport's runway to accommodate larger aircraft and promote tourism.

Thai Transport and Communications Ministry officials would survey the site and then seek cabinet approval for the funds said a source close to the discussions. Thailand has already provided 50 million baht for the project.

Thailand is Laos' major investment and trade partner. By the end of June, it had invested a total of U.S. \$1.94 billion in 229 projects. Two-way trade last year totalled \$267 million.

More bridges linking the countries across the Mekong River may be two or three years away. Laos has yet to evaluate the Friendship Bridge impact.

The boundary dispute over Ban Rom Kiao village is "a crusted wound" that needs to be healed, according to the Laotians.

They have agreed not to let it impede relations, but a border settlement is among Vientiane's priorities. Laotian President Nouhak Phoumsavan raised the issue when he visited Thailand in March. A joint boundary committee tackling the problem has not met this year.

Laos wants Thailand to add processed wood to the list of 16 products earmarked for lower tariffs. It favours a working group to study the construction of a bridge linking Loei and Sayaboury and an agreement on extradition.

It awaits clearer details on a five-billion-baht Indochina Fund proposed by Finance Minister Surakiat Sathianthai to develop basic infrastructure in the region. The fund is not on tomorrow's agenda but might be raised when M.R. Kasemsamoson meets the Laotian foreign minister and calls on the president.

Minister Urges Fair Play in Thai-Lao Ties

BK1011045395 Bangkok THE NATION in English 10 Nov 95 p A2

[Report by Don Pathan]

[FBIS Transcribed Text] Vientiane — Foreign Minister Kasemsamoson Kasemsi yesterday called for a level playing field in economic relations between Thailand and Laos and an end to all forms of favouritism.

He told a luncheon here that favouritism by authorities toward any economic sector had a tendency to lead to some form of corruption.

"Economic cooperation between the two countries should be based on the principle of fairness, and with the understanding that economic gains will benefit both sides," Kasemsamoson said.

The foreign minister yesterday ended his two day trip to Laos, during which he attended the fifth meeting of the Thailand-Laos joint Commission.

Kasemsamoson told reporters the relationship between the two countries should not be viewed in the context of a competition, but as mutual economic development.

He pointed to the aviation agreement between Thailand and Malaysia, in which the two countries agreed to share profits equally from all flights between the two countries. A joint venture between Thailand and Laos in this area would greatly benefit both countries.

At the closing ceremony of the joint commission meeting, Kasemsamoson reiterated his call for greater economic cooperation and said existing problems, particularly in the area of cross-border traffic management, were not insurmountable.

The two sides agreed that the boundary dispute over Ban Romkao should be settled as soon as possible, and that a new mechanism be set up involving the governors of Thailand's 16 northeastern provinces and the Laotian provinces opposite to discuss cooperation and problems related to cross-border activities.

It was agreed the proposed railway link between Vientiane and Bangkok should take into account a future connection with a third country, and to further develop the subregional Oriental Express railway system which Thailand already has with Malaysia and Singapore.

Somsavat said he agreed with Vientiane's proposal to link its railway system with China, Vietnam and Cambodia.

Kasemsamoson suggested earlier during the meeting that Laos consider transport links with Thailand's Eastern Seaboard industrial zones as an alternative to Bangkok, to avoid over-congestion of Bangkok-bound traffic.

Laos also proposed Thailand finance a language centre in Vientiane to provide English courses for Laotian officials and people, in preparation for Laos joining ASEAN in 1997.

Malaysian Navy Fires on Fishing Trawler; 2 Die

BK0911083595 Bangkok THE NATION in English
9 Nov 95 p A1

[Unattributed report]

[FBIS Transcribed Text] A Malaysian navy vessel fired on a Thai trawler which was caught poaching on Monday, killing the captain and a 14 year-old boy, a senior Foreign Ministry official said yesterday. It was clear the boat was illegally operating in Malaysian waters, but the government considered the action to be an unreasonable use of force and would protest, Press Division Director Phondet Worachat said.

Phondet said the five other crew on board the Alabanja-4 were being detained in Pahang state.

"The Foreign Ministry will express its concern about the incident via the Malaysian diplomat calling in today, as it considered the killing of the captain of the vessel and the boy as an excessive use of force," he said.

The vessel had been ordered to surrender, but tried to escape.

According to Malaysian authorities, the naval boat fired "two warning shots" at the trawler. One of the warning shots hit the boat killing the two crewmen.

"On Tuesday the Thai charge d'affaires in Kuala Lumpur met Malaysian authorities and expressed regret over the incident," Phondet said.

Bangkok would ask Kuala Lumpur to pay compensation to the families of the victims, and to immediately release the five detained fishermen.

"The information clearly shows that the incident happened in Malaysian territorial waters. But as Thailand and Malaysia are both members of ASEAN, Malaysia should use less violent means to suppress poaching by Thai vessels," he said.

Amnuai Urges Japanese Decision on Farm Issue

OW0911094295 Tokyo KYODO in English
0855 GMT 9 Nov 95

[FBIS Transcribed Text] Bangkok, Nov. 9 KYODO — Thailand called Thursday [9 November] upon Japan, host of the Asia-Pacific Economic Cooperation (APEC) forum, to make a political decision on whether farm trade be treated as an exceptional issue or not during upcoming negotiations of the APEC Osaka meeting.

"The Osaka meeting gives Japan a great opportunity to show the global leadership which they rightly deserve. I don't think that Japan as a nation and the Japanese prime minister as an individual would want to go down in history for causing failure (on farm trade)," Thai Deputy Prime Minister Amnuai Wirawan said in an interview with KYODO NEWS SERVICE.

At the Osaka meeting, APEC members should adhere to the principle of comprehensiveness agreed upon at Bogor, Indonesia, last year, the deputy premier said.

"The Thai Government does not see how APEC can justify excluding any items. But this does not mean that we would not try to understand the problems of individual member countries," Amnuai said, expressing the Thai stance on the issue of exempting agriculture from APEC's market-opening plan.

"APEC liberalization is not going to happen today or tomorrow — it will gradually develop during the next 15 or 25 years," Amnuai said.

APEC was established in 1989. It comprises Australia, Canada, Chile, China, Hong Kong, Japan, Mexico, Papua New Guinea, New Zealand, South Korea, Taiwan, the United States and six of the seven members of the Association of Southeast Asian Nations — Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

Banhan on Benefits of APEC, Government's Stand

*BK1611132695 Bangkok Radio Thailand Network
in Thai 1200 GMT 16 Nov 95*

[FBIS Translated Text] Prime Minister Banhan Sinlapacha has noted Thailand's position at the meeting of the leaders of the Asia-Pacific Economic Cooperation, APEC, in Osaka. He said Thailand favors liberalization of trade, investment, and services to cover all sectors, especially agricultural products. He said the following to newsmen before departing for the APEC leaders meeting from 17-20 November in Osaka.

[Begin Banhan recording] We want liberalization to cover all sectors, especially agriculture. This is because liberalization will enable Thailand to export more agricultural products to the member countries. That will benefit us.

The important thing is that the committee will have to come up with a conclusion. If it does not, the leaders will have to bring it up for consideration at their meeting on the 19th. Actually, a resolution was reached at the last meeting in Bogor to the effect that there would be no exceptions once the liberalization of trade, investment, and services had begun. That is the principle; however, flexible timing and conditions could be accorded to countries that are not ready. [end recording]

On the benefits Thailand could gain from the upcoming APEC meeting, the prime minister says:

[Begin Banhan recording] Foreign investment in Thailand will definitely increase due to our excellent economic potential and our geographic location. The meeting will enable member countries to consult and exchange views. A meeting with the leaders of the member countries will enhance understanding and contribute to resolving disputes. That is a benefit of the meeting. [end recording]

Editorial Discusses APEC Meeting in Osaka

*BK1411102095 Bangkok BANGKOK POST
in English 14 Nov 95 p 4*

[Editorial: "APEC Leaders Must Show Their Mettle"]

[FBIS Transcribed Text] Senior officials attending the Asia Pacific Economic Cooperation [APEC] forum in Osaka yesterday proudly announced that they have almost overcome the key hurdle of whether agriculture should be excluded from the group's trade liberalisation plans.

A senior Thai official said only "one and a half" countries still refuse to accept a statement of principles that does not specifically allow them to exclude the thorny issue of agriculture.

They hope that the issue can be resolved today, which is the final day of preparations by senior officials for the meetings of APEC ministers and leaders later this week.

But the officials should try not to become overly obsessed with mere words, and consider instead whether APEC is going to say anything meaningful this week for business and for people who want to know what is going to happen to the economies of the Asia-Pacific.

The officials are pleased that some semantic issues have been settled. Yesterday they were unable to envisage how those words would be translated into deeds when the time came for APEC members to start concrete moves towards liberalisation.

The way out is to work on the basis of separation of principle and practice. What they are doing now is to agree first and leave themselves a degree of flexibility — or loophole — in achieving the Bogor-set dates of 2010 (for developed countries to achieve liberalisation) and 2020 (for developing countries) as the final targets for implementation. As yet they remain unclear on how great this flexibility is, and how it might or might not be blocked.

This is like buying just a little more time, especially for the four East Asian countries — Japan, South Korea, Taiwan and China — that are reluctant to liberalise agriculture.

It is important that if APEC really intends to get the liberalisation process going, it stop fudging, especially when senior officials have picked the word "ambitious" to describe their undertaking in the draft leader's declaration. If the members want business to participate in their discussions, then they have to talk in a way that is meaningful for business.

It is not enough to say that much has been achieved considering that APEC groups 18 countries and economies with huge differences in both political and economic systems and levels of development.

APEC must take these economies, more than half of the world's total, further than they have agreed to under other international trade arrangements, otherwise APEC will not be seen to serve any useful function.

It must be remembered that the APEC economies still have another year to work out their action plans for implementation.

Leaders of the Asia Pacific Economic Cooperation forum must seize this opportunity to use APEC as a vehicle to speed up liberalisation and have the courage to push for change in their countries' political and

economic domestic structures and make this unique arrangement work. They have plenty of time left, but their credibility will be at stake if they are seen to be procrastinating.

Article Views Asia-Pacific Economic Cooperation
BK1611061495 Bangkok THE NATION in English
16 Nov 95 p B2

[Report by Chirawat Na Thalang and Yindi Loetcharoenchok]

[FBIS Transcribed Text] Osaka — Even without Washington's budget crisis, ASEAN leaders need to realize that no other regional economic forum will be as beneficial to them as the ASEAN Free Trade Area.

Over the past few weeks, ASEAN members in the Asia Pacific Economic Cooperation forum [APEC] were uncertain whether the rest of the APEC members would turn up at the summit.

Pressured by an intense fiscal budget debate, sources close to U.S. President Bill Clinton said the president almost cancelled his trip to Osaka this week.

Domestic problems have been hindering Clinton from taking a leading role, but the more serious problems lie in the internal conflicts between APEC members.

President Kim Yong-sam of South Korea threatened to snub Japanese Premier Tomiichi Murayama by saying he might cancel his trip to the APEC meeting this year. The South Korean leader was angered by a Japanese minister's comments justifying the Japanese occupation of Korea between 1910 and 1945.

China, meanwhile, is not fully satisfied with the increasing recognition of Chinese Taipei. Over the past few years, diplomatic relations between Washington and Beijing have been rocky and strained. The matter was further complicated when the U.S. Congress linked the most-favoured nation concession to the human rights situation in China.

So, what does ASEAN expect to gain from APEC? Some ASEAN officials seemed to have difficulty finding an answer.

ASEAN decided to join APEC in 1989 in the belief that it would continue as a core member of the forum. But to date, APEC's agenda seems to have been steered by a few members, principally Australia and the United States. The rapid development of APEC has gone further than the ASEAN members originally expected.

Next month, ASEAN leaders are expected to discuss the new era of future cooperation. One of the highlights on the agenda will be ways to broaden and deepen

the ASEAN Free Trade Area and how ASEAN would accommodate future members from Indochina.

ASEAN is no longer discussing a common position on APEC, allowing each country to take an individual stance instead. However, ASEAN should at least start to seriously exchange views on what it expects from the forum to boost its bargaining power in areas of interest to ASEAN members.

The leaders should prepare to make contributions to ensure the success of the ASEAN summit — the forum at which ASEAN countries can really share their agendas.

ASEAN is expected to discuss the possibility of an "ASEAN Ten" — the grouping of all 10 Southeast Asian countries — at the summit. The seven present members of ASEAN might not be sufficient.

These are the uncertainties that could undermine co-operation in APEC. Some countries in the Asia-Pacific region share historical differences and feelings of mistrust, indicating difficulties for future cooperation.

APEC members cannot expect successful economic talks if they allow political problems to overcome the prospective regional cooperation plan.

The motivation driving China, which has yet to become a member of the World Trade Organization, to join APEC is clear — Beijing can enjoy most-favoured nation economic concessions from the members.

But why have the United States and Australia been so enthusiastic about APEC? The obvious answer is that they want to use the forum as a tool to support their domestic economies.

Clinton has promised U.S. citizens that he will find them new markets, particularly in Latin America and Asia. Therefore, the United States has strongly insisted that it will not endorse the APEC agreement unless APEC members reciprocate the benefits to the United States.

Prime Minister Paul Keating, meanwhile, has put the Asian strategy high on his agenda. Canberra feels it has been betrayed by the European Union, which seems to be inward-looking and has left its old partners, such as Australia, out in the cold.

ASEAN 'Closer Ties' With India Proposed
BK0711062495 Bangkok BANGKOK POST
in English 7 Nov 95 p 28

[Report by Chatrudi Theppharat]

[FBIS Transcribed Text] Thailand suggests ASEAN build ties with India.

India was following China's example of rapid economic growth and growing buying power following market liberalisation, Deputy Prime Minister Amnuai Wirawan said in Bangkok yesterday.

India's population of almost 900 million was a market the trade group could not afford to ignore, he told a seminar entitled "The Future of ASEAN".

At next month's ASEAN summit in Bangkok, Thailand is likely to propose closer ties between India and the trade group.

However, Thailand would first have to consult other members of the Association of Southeast Asian Nations as the topic was not on the summit's agenda, he said.

India wants closer ties, especially through the Asia-Pacific Economic Cooperation [APEC] group. However, APEC says it is not ready yet to accept new members.

Thailand wants to play a major role in boosting ties with other countries to the west, including Burma, Sri Lanka and Pakistan.

Under the previous government, the National Economic and Social Development Board considered forming a cooperation group of these countries, India and Thailand.

The group would have been similar to other regional partnerships such as the Economic Quadrangle and the Indonesia-Malaysia-Thailand Growth Triangle.

Mr. Amnuai said the government would "look to the west" to boost cooperation in trade and investment among Thailand and its neighbours.

Government officials at the seminar urged the private sector to increase investment in India, especially in telecommunications and infrastructure.

Iranian Envoy Asks for Rice Deliveries 'Now'

*BK0611050895 Bangkok BANGKOK POST
in English 6 Nov 95 p 20*

[Unattributed report]

[FBIS Transcribed Text] Iran has urged Thailand to complete rice deliveries as it needs the commodity now.

Iranian Ambassador Gholam Reza Yusefi put the request to Deputy Commerce Minister Montri Danphai-bun on Friday.

Mr Montri said Thailand was committed to delivering 200,000 tons of 100 percent B-grade white rice by the end of last July but deliveries were delayed because Thailand failed to secure enough rice. Also floods damaged the crop.

Thailand has delivered 55,000 tons, he said.

The department this week hopes to announce rice purchases for Iran, according to a rice exporter, who said the Foreign Trade Department had difficulty finding rice for Iran because traders were attracted by high domestic prices were unwilling to fill the contract.

Mr Montri said the ambassador asked Thailand to buy more Iranian oil. The request would be raised with Industry Minister Chaiwat Sinsuwong.

Iraqi Oil Minister Urges Post-Embargo Investment

*BK1511084295 Bangkok Radio Thailand Network
in English 0000 GMT 15 Nov 95*

[FBIS Transcribed Text] Iraqi Oil Minister 'Amir Rashid asked Thailand to invest in oil exploration in Iraq after the United Nations vote to lift economic embargo on his country. The Iraqi oil minister is on a visit to Thailand to strengthen economic cooperation. He called on Minister of Industry Chaiwat Sinsuwong to discuss bilateral cooperation between the two countries. The United Nations is expected to lift the economic embargo on Iraq next year. The Iraqi minister said after embargo lifting, Iraq would like to invite Thailand to invest in oil exploration in Iraq on a joint venture basis. He also said that Iraq would like to exchange oil with food and medicine from Thailand.

Premier Denies Plans for Cabinet Reshuffle

*BK1511104695 Bangkok THE NATION in English
15 Nov 95 pp A1, A2*

[Unattributed report]

[FBIS Transcribed Excerpt] Prime Minister Banhan Sinlapa-acha yesterday denied that he planned to replace Finance Minister Surakiat Sathianthai and his deputy, Newin Chitchop, in a Cabinet reshuffle early next year.

Banhan rejected as "speculation" a news report quoting a source close to him as saying a limited reshuffle would be carried out in March in an attempt to shore up the government's credibility in the eyes of the public.

"That's not true. The news report was probably made up," the prime minister said, referring to The Nation report quoting a source close to Banhan.

Banhan yesterday also defended a decision by the Bank of Thailand and the Finance Ministry to have the majority state-owned Krung Thai Bank provide a Bt [baht] 30-billion credit line to brokerage firms to lend to stock investors who are in need of cash.

Countering accusations that the government was acting for political reasons, Banhan said it was the task of the government to provide cashflow for the battered Stock Exchange of Thailand which had run low on liquidity.

Surakiat, asked to comment on the reported plan to remove him as finance minister, said the prime minister had not informed him of any plan to reshuffle the cabinet.

"If the prime minister really wanted to have me removed, he would have told me," he said. [passage omitted]

The stock market has been under "super bearish" sentiment during the past three months. Liquidity has also dried up due to rising bank interest rates and, lately, by the decision by many foreign investors to reduce their investment in Thai equities for the remainder of the year.

But some fund managers have seen the Bt30-billion cash injection as somewhat "politically motivated", intended to help shore up the credibility of the government. Some others also see the move as a discriminatory policy favouring stock investors.

"The Finance Ministry has to become involved if the stock market is not in a viable situation. There were similar cases in the past. The government is not intervening. We will be criticized by the people if we don't do something," Banhan said.

The prime minister said foreign investors had pulled out of Thai stocks in order to invest in other regions, particularly the United States with its improved economy and strengthened currency.

The local tight money situation has to be eased, he said. Banhan did not make any reference to the Bank of Thailand's recent policy to maintain high interest rates to help fight inflation and how the Bt30-billion injection would affect such a policy.

The prime minister challenged any banker to prove claims that the capital market doldrums were caused by the low credibility of the government. "I have not met such a person. I have many bankers on my advisory team and they do not agree with that assessment."

Ekkamon Kiriwat, secretary-general of the Securities and Exchange Commission, said the authorities need to inject money into the stock market because they cannot allow it to slip into a coma, since that would affect the primary market as well.

Police Report on Narcotics Trade Supply Routes

BK1411031495 Bangkok MATICHON in Thai
12 Nov 95 p 2

[*"Classified"* Police Department report for presentation to the Interior Ministry entitled "Narcotics Supply Routes to World Markets"; date not given]

[FBIS Translated Text] Problems in the previous economic development plans, as well as the fact that part of its territory lies within "the Golden Triangle," which is a major drug producing area of the world, have made Thailand a major spot for huge profits earned from the drug trade. In a study on "The Impact of the Drug Trade on Thailand's Economy," Thailand's Development Research Institute estimated the amount of drug money in 1989 at around 28,891 to 116,871 million baht. Due to the great value of drugs and certain factors related to production, marketing, and distribution, the problem of narcotics expansion seems to increase with the pace of economic development brought to the country.

This includes economic development in: the quadrangle of Thailand's upper north, Burma, Laos, and southern China; the growth triangle development of Thailand's lower south, Malaysia, and Indonesia; opening of the Thai-LPDR [Lao People's Democratic Republic] friendship bridge linking Nongkhai with Vientiane; Thai businessmen's investment in banking, tourism, and other industries in the LPDR and Cambodia; the building of the Thai-Burmese bridge across the Moei River in Mae Sot District, Tak Province; and, finally, pending authorization for foreign banks to open branches in Thailand under GATT rules.

These are examples of national development projects that will only contribute to the expansion of the drug trade because they will facilitate the flow of money under an overall expansion of regional and international trade and investment and will promote the improvement of the entire communications system.

Drug Trade and Trafficking Routes

There are three areas to contend with: smuggling of drugs into Thailand, drug organizations, and smuggling of drugs out of Thailand.

Compared to other countries in the region, Thailand has better geographic terrain and transportation systems favorable for drug smuggling. Yet, there is clear evidence that smuggling routes have shifted from Thailand to neighboring countries. The grouping, method, and transportation involved in drug smuggling also varied.

The situation has not changed in the north of Thailand. Opium was mainly smuggled in from Burma and Laos.

The locally produced opium is meant for consumption rather than for sale due to a reduction in production areas. Opium smugglers have been trying to get supplies from other sources for local consumers, both in Bangkok and in the south.

The routes used for smuggling opium from Burma into Thailand are: the traditional land route along the border of Chiang Rai, in Mae Sai District, Mae Fa Luang Subdistrict, Mae Chan and Chiang Khong Districts; and along the river in Chiang Dao District of Chiang Mai and Pang Ma Pha Subdistrict and Muang District in Mae Hong Son. Opium was smuggled from Laos into Thailand through Chiang Khong District and Wiang Kaen Subdistrict in Chiang Rai and Mae Charim District in Nan.

Opium trade has been on the decline, or at least stabilized, in Thailand due to suppression campaigns and crop substitution programs. Yet opium smuggled from Burma and Laos still plays a significant role. The smuggling of opium into Thailand would decline if the Burmese Government was serious about narcotics suppression.

Concerning heroin, most of the heroin produced in the Golden Triangle was smuggled into the United States and to Europe via four major transit routes.

The first is through Burma. The heroin is smuggled from the production site into Burma in three ways. The first route is from Lashio, to Taunggyi, to Keng Tung, to Thachilek District, and into Chiang Rai Province of Thailand. The second route is from the production area, with the destination of Rangoon, through the Karen state, to Myawadi, for delivery to customers in Tak Province. The third route is from the production area to Rangoon via Tavoy-Mergui road, where the heroin is smuggled into Thailand through Ranong Province.

The second major drug route runs from the producing area through Burma into India for smuggling to other countries.

The third route runs through Thailand. From Chiang Rai to Tak Province, there are as many as 128 border crossings, some of which are especially destined for drug smuggling. Those that are declared official border passes, however, would be avoided by smugglers because they are risky. Smugglers prefer to travel where they are far from villages. Mae Hong Son and Chiang Mai are major transit points, where heroin is smuggled from the Thai-Burmese border to Bangkok or to provinces in the south or on the eastern coast.

The fourth transit route is Thailand. China, however, is becoming more and more important as a smuggling point for heroin from the Golden Triangle into Asia,

and then to the U.S. market. The major point of entry is Yunnan Province.

This new trend has a direct impact on Hong Kong. In the past, heroin was smuggled on Thai fishing trawlers into Hong Kong for shipment to the United States. Now that China has become a new transit point, heroin smuggled into Hong Kong mainly comes from China.

Thai traffickers rely on production both inside and outside the country to meet the increasing demand in foreign markets for marijuana from Southeast Asia. Hashish is normally smuggled into the country via two major routes as follows:

Marijuana from Laos is smuggled across the Thai-Lao border to five northeastern provinces, namely Loei, Nong Khai, Nakhon Phanom, Mukdahan, and Ubon Ratchathani. In particular, the amount of the drug smuggled into Mukdahan and Ubon Ratchathani is rising. Smugglers have reportedly employed new tricks, such as hiding the drugs in consignments of imported goods in order to avoid detection by authorities.

The second route is along the Thai-Cambodian border. The marijuana is smuggled in large quantities into three provinces, namely Trat, Sa Kaeo, and Prachin Buri.

Part of the marijuana produced in Laos and Cambodia is sent to foreign markets or destination countries without passing through Thai territory. The drug is sent from Laos to Vietnam (Danang Port) or from Laos to Cambodia (Ko Kong Province). Cargo ships pick up the illicit goods off the central and southern coasts [of Vietnam and Cambodia]. At the legal points of export such as Bangkok Port, marijuana is sent out together with other export goods through legal and customs procedures. It is the different groups of people who are in charge of smuggling the drug out of the country.

Traffickers themselves are not involved in the transportation of the drug from warehouses to the seaports and destination countries respectively. They consider smuggling through legal procedures at different seaports as safe and involving little risk.

Regarding amphetamines, amphetamine traffickers are classified into different groups according to the amounts of drug they deal. Major traffickers or distributors usually deal with over 100,000 tablets in each transaction. Average traffickers normally handle over 10,000 tablets, while petty traffickers or peddlers, the last group, sell the drug directly to clients.

The amphetamine business has been much developed and expanded to cover wider areas.

The drug has been produced in each province to meet local demand. There is no longer any particular provinces

considered as major production sources. Amphetamine production is rampant in Chaiyaphum, Udon Thani, Kalasin, Yasothon, Kanchanaburi, Phet Buri, Rat Buri, and Phetchabun Provinces.

Narcotics Proliferation Situation

The narcotics addiction situation in Thailand has further aggravated since 1993.

The Thailand Development Research Institute (TDRI) estimates the number of drug addicts nationwide to be at least 1,267,590 as of 31 December 1993.

The majority of the addicts live in the northeastern region, central region, northern region, southern region, and Bangkok metropolitan area respectively.

The narcotics proliferated varied from region to region. Most of the addicts in the northeastern region use inhalants, while heroin is the common drug in Bangkok. Amphetamines reign in the central region, while marijuana is most popular in the northern and southern regions. The number of addicts using inhalants is at the top of the list, followed by marijuana, amphetamines, heroin, and opium respectively.

In conclusion, the narcotics addiction problem has now spread into every village, the smallest unit of the national administrative system. The consumption of new drugs and the amount of the drugs, such as amphetamines, are a rising trend.

It is anticipated that more psychotropic substances, such as the drug known as "E" (Ecstasy) tablets, will be used in the future among the upper class, such as actors, movie stars, and foreign educated youths, because each tablet can cost from 700 to 1,500 baht.

Army Chief Denies Reports on Weapons Stockpiles

*BK0511153095 Bangkok ZHONG HUA RIBAO
in Chinese 5 Nov 95 p 4*

[FBIS Translated Text] Army Commander General Pramon Phalasin said that Thailand has not stockpiled a large amount of weapons as some countries have claimed.

Gen. Pramon said ulterior motives are behind the accusation that Thailand is one of the countries that has accumulated weapons. In fact, most weapons in Thailand are approximately 30 or 40 years old. He asked what criteria is used to measure the strength of weapons.

The army commander in chief stressed that Thai weapons are for defense purposes and not for attacking others. He asked: Who can understand Thailand's military strength better than Thailand? Thailand's military equipment is still insufficient at present. Furthermore,

it is not easy to fully equip the Armed Forces. So, we always have to enhance our strength. We also have to improve our Armed Forces to make them compact and efficient.

Vietnam

Sino-Vietnamese Sea Border Talks Held 13-15 Nov

*BK1611150695 Hanoi VNA in English
1501 GMT 16 Nov 95*

[*"Sino-Vietnamese Working Group on Sea Border Meets" — VNA headline*]

[FBIS Transcribed Text] Hanoi VNA Nov. 16 — The Sino-Vietnamese Working Group on Sea Border held its first round of talks here between Nov. 13-15.

The talks took place in an atmosphere of friendship and frankness. The two sides agreed to base on international laws including the 1982 UN Convention on Sea Law to carry on negotiation on sea issue for fundamental and long-lasting solution in the spirit of friendship, sincerity, frankness and mutual respect.

The two sides agreed upon procedures to commence the group's work and the organisation of the next session in Beijing in the second quarter of 1996.

Japanese Business, Media Delegation Visits Hanoi

*BK0411095495 Hanoi VNA in English
0653 GMT 4 Nov 95*

[FBIS Transcribed Text] Hanoi VNA Nov. 4—Deputy Prime Minister Phan Van Khai received here yesterday a delegation of Japanese businessmen and journalists led by Mr. Tadao Inoue, president of DENSEN newspaper [name and title as received] who were here to inquire into information and economic situation.

Mr. T. Inoue said that his delegation was interested in Vietnam's socio-economic situation, the main contents of the economic plan to the year 2000, as well as the rights and obligations of foreign investors in Vietnam.

Deputy P.M. Khai briefed the Japanese guests on socio-economic situation of the country over the past five years, stressing that Vietnam has gained important achievements in economic development, reduction of the inflation rate, and maintenance of political stability.

He informed his guests of the main targets of Vietnam's economic development to the year 2000, of its determination to continue pursuing the open-door policy, attracting more foreign investment capital while mobilizing domestic capital to ensure the economic and export

growth rates. He also told them some plans for development of the industries of electricity, telecommunication, and infrastructural construction.

Ninth Central Committee Plenum Communique Issued

BK1611115295 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 15 Nov 95

[Commuque issued by the Seventh Communist Party of Vietnam Central Committee's Ninth Plenum; place, date not given]

[FBIS Translated Text] The ninth plenum of the seventh party Central Committee was held from 6 to 14 November 1995 in Hanoi to discuss and approve the seventh party Central Committee's draft reports to be presented at the eighth national party congress.

Comrade General Secretary Do Muoi delivered an important speech to open the plenum. He stressed that this plenum would discuss and decide the contents of the draft reports to be presented at the eighth national party congress. These report include the political report; the report on socioeconomic directions, tasks, and plans for the five year period from 1996 to 2000; and the report to revise and supplement the party statutes and revised party articles. The eighth national party congress will be responsible for reviewing the implementation of resolutions issued by the seventh national party congress, such as the implementation of the party political program, strategy, and statutes; the review of the 10-year renovation undertaking; outlining of directions and measures to carry out national industrialization and modernization until 2000 and 2020; and supplementing and revising the party statutes. Therefore, the eighth national party congress will have very important significance. It will be a congress that marks an important changing step in our nation in the new developing period; a period for the acceleration of the undertaking of national industrialization and modernization for the goal of a prosperous population, powerful country, and equitable and civilized society.

After six days of debate, with nearly 400 speeches in all made by the comrades, the plenum reached high unanimity on the content of the draft reports to be presented to the eighth national party congress.

The plenum held that after many years of renovation, our country has encountered great and profound changes. In very complicated and difficult situations, our people and armed forces have persisted in the renovation line and correct directions outlined by the sixth and seventh national party congresses. Under the party's leadership, our people and armed forces have striven bravely and steadfastly to achieve progress in many fields and

create favorable prerequisites for subsequent steps of development.

In evaluating the last 10 years of renovation, the plenum held that the renovation has recorded great achievements of very important significance. The tasks outlined by the seventh national party congress have been fundamentally completed. Our country has extricated itself from the socioeconomic crisis, although some domains have not been consolidated firmly. The task outlined for the first path of the transitional period — the preparation of prerequisites for national industrialization — has been fundamentally completed. Our country is now moving into a new period — the acceleration of national industrialization and modernization. The path to socialism in our country has been defined more clearly with each passing day. Our achievements are the result of a process of assiduous studying, renovation, work, and striving exerted by our party and people for many years together with assistance from international friends.

The ninth plenum drew six main lessons:

1. Firmly preserve the goal of national independence and socialism in the renovation process;
2. Correctly solve the relationship between the reform of the political system and economic reform. Economic reform must be closely combined with the settlement of social issues from the beginning;
3. Carry out economic reform; the economy must be considered the key task. A multisector commodity economy working under the market mechanism in the socialist direction must be established and must go together with strengthening the government role in state management;
4. Broaden the national unity bloc to develop the spirit of self-reliance and national strength;
5. Seek support and assistance for our legitimate cause from all people in the world and implement an external policy of independence, sovereignty, open door, and diversification of multilateral relations; and
6. Firmly maintain the leadership role of the party and consider party building work as a core duty.

Regarding directions and tasks in the coming period, the plenum held that the achievements recorded during renovation have created a new position and strength for us to enter a new development period. The four dangers that were defined by the midterm national party conference in January 1994, however, are still challenges for us.

The plenum affirmed that proceeding from the above situation and based on the platform set forth by the

seventh party congress, it is necessary to continue to grasp firmly the two strategic tasks of building socialism and defending the fatherland and trying to shift to a new stage of intensified industrialization and modernization.

The goal of industrialization and modernization is to turn our country into an industrialized country with modern material and technical means, a rational economic structure, and advanced production relations proportionate with the growth of production force; with developed human resources and high living standards, both materially and spiritually; with firmly-maintained national defense and security; and with a prosperous people, strong country, and an equitable and civilized society.

Within a few decades, from now until 2020, we must strive to basically turn our country into an industrialized country. The stage between now and 2000 will be a very important period for the new stage of development. It is our people's duty to gather all forces and strive to seize opportunities, overcome ordeals, and promote comprehensive and harmonious development of the renovation process. We must strive to attain and even exceed the targets of the strategy to achieve socioeconomic stability and development until 2000. We must strive to achieve rapid, effective, and long-lasting economic growth along with resolving pressing social and national security issues. We must extricate ourselves from the state of being an impoverished and undeveloped country, improve the people's livelihood, increase internal accumulations, and create solid premises for higher steps of development toward the beginning of the next century.

The plenum pointed out directions for development of various important domains, which consist of developing and shifting the economic structure in the direction of industrialization and modernization; adopting a multisectoral economic policy; continuing to renovate the economic management apparatus; developing scientific and technological as well as education and training activities; building an advanced culture heavily imbued with national identity; drawing up various policies to resolve a number of social problems, carry out the tasks regarding national defense and security, deal with foreign relations, promote great national unity, and develop the people's role as masters; continuing to renovate the state apparatus; and building and perfecting the SRV state.

The party Central Committee's ninth plenum paid specific attention to the party-related issue and the task regarding party building. The plenum believed that all the successes and failures of the renovation process are inseparable from the leadership responsibility and efforts of our party. The leadership and efforts of the

party are a factor in determining the success of the renovation. The progress and growth of the party are also regarded as an important part of the renovation process. Also, it is in the process of leadership over renovation that the party has increasingly matured and has become more aware of its own weaknesses and shortcomings against which countermeasures will be taken.

To build the party up to the level required of it in the new stage, it is necessary to maintain and enhance firmly the working class-based character of the party — a loyal representative of the interests of the working class, the laboring people, and the entire nation as a whole. It is necessary to improve the party's political prowess, intellectual level, and revolutionary virtue; to consolidate the party organizationally; to carry out the principle of democratic centralism satisfactorily; to be intent on building a contingent of qualified and competent cadres; to increase the militancy of grassroots party organizations; and to continue to renovate the party's leadership procedures.

The plenum also suggested supplementing and revising some points regarding the party statute before publishing them among various echelons and sectors for public views and then presenting them to the eighth party congress for consideration and decision.

The party Central Committee's ninth plenum issued a resolution assigning the party Central Committee's Political Bureau the duty of refining the drafts of various documents to be presented to the eighth party congress, taking into account the results of the party Central Committee's voting on a number of issues related to the contents of those documents to be presented before the eighth party congress and those views expressed at the party Central Committee's ninth plenum. The drafts of documents will then be widely published to solicit suggestions from party cadres and members and people from various strata.

The plenum called on the entire party, Army, and people to emulate revolutionary action enthusiastically so as to record achievements to greet the eighth party congress by actively contributing to the draft documents and accomplishing all tasks for 1995 and making satisfactory and comprehensive preparations for the successful implementation of the 1996 socioeconomic development plan — the first plan to implement the tasks for the five-year period from 1996 to 2000.

Do Muoi Addresses Ninth Plenum Closing

*BK161122695 Hanoi Voice of Vietnam Network
in Vietnamese 2300 GMT 15 Nov 95*

[Speech by Do Muoi, general secretary of the Communist Party of Vietnam, at the closing of the Seventh Central Committee's Ninth Plenum in Hanoi on 14 November — read by announcer]

[FBIS Translated Text] Comrade advisers, party Central Committee members, and comrades: After eight days of intensive and scrupulous work with a high sense of responsibility, the seventh party Central Committee's ninth plenum has accomplished its tasks. Those comrades attending the plenum unanimously agreed on the basic contents of various draft documents to be presented by the party Central Committee to the eighth national party congress. They also expressed their views in order to enrich the contents of these documents.

Delegated by the party Central Committee, the Political Bureau will provide guidance for supplementing and revising these documents, taking into the account the results of the party Central Committee's voting on these documents. These documents will be published through party organization congresses at various levels for discussion and suggestions among the party and for public views from the people at large.

The eighth party congress will be of historic significance, for it will mark a turning point in our country's shift to the stage of intensified industrialization and modernization to achieve the goals of making the people prosperous, the country strong, and the society equitable and civilized. Therefore, preparing for the eighth party congress satisfactorily will be a very important task.

On the basis of Marxism-Leninism and Ho Chi Minh Thought, inheriting and developing our people's fine traditions that have been refined through our 4,000 year history and infused with the quintessence of mankind, we must continue to stimulate the spirit of independence and sovereignty, the determination to achieve self-reliance and self-support, and the creativity and intelligence of the entire party and people in order to fulfill the tasks set forth by the seventh party Central Committee in an outstanding manner and contribute positively to the success of the eighth party congress. We must create a high political and spiritual consensus among the entire society and strive to advance our country steadily toward socialism.

Dear comrades, it will be not long before the arrival of the eighth party congress. We have many things to do. Therefore, we must carry out these things in a very urgent fashion. Immediately after this party Central Committee plenum, comrades, you must concentrate on

providing guidance for holding party organization congresses at various levels in accordance with the party Central Committee Secretariat's instructions and guidance. It is necessary to develop the spirit and purposes of this party Central Committee plenum in preparing political reports for various party committees to be presented to their respective party organization congresses. Meanwhile, efforts must be made to organize satisfactory discussions designed to solicit views on those draft documents of the party Central Committee to be presented to the eighth party congress.

Along with holding discussions within the party, we must rely on the Fatherland Front and other mass organizations and social institutions to solicit views widely from people of various strata on the draft documents. This is an effort to ensure that the preparations for the eighth party congress will not only be a duty of the party but that it will be everyone's concern as to how to make the eighth party congress a festival of the entire party and people.

The process of preparing for the party organization congresses at various levels and the national party congress must be linked with practical activities. As an immediate task, we must initiate a popular movement for revolutionary action to fulfill successfully all the tasks for 1995 and to make satisfactory and comprehensive preparations for implementation of the 1996 socioeconomic development plan — the first plan to implement the tasks for the five-year period from 1996 to 2000 — under which efforts must be made to maintain the tempo of economic growth; pay appropriate attention to output, quality, and results; and increase inventory and control activities in such a way as to ensure that the economy develops according to party policies and lines and state law. Meanwhile, we must map out programs, plans, and measures to eradicate hunger and poverty; pay attention to social justice; improve the people's intellectual standards; care for the health of the people; satisfactorily implement the task regarding the repayment of kindness [to people with meritorious deeds to the revolution] and other welfare policies; preserve and develop our national cultural identity; effectively fight against the infiltration of decadent, harmful, and hybrid cultural works; and be intent on consolidating national defense and security and public order and safety.

All sectors, echelons, and units need to organize so that party members and people can enthusiastically participate in activities to welcome the eighth national party congress.

We must continue to fight actively against corruption, an evil that causes pain for society. The midterm national conference of the seventh party Central Commit-

tee considered bureaucracy and corruption a national danger. In this plenum, many comrades have strongly criticized this evil. Corruption is closely related to smuggling, tax evasion, extravagance, and waste, which cause great losses of public money and property and damage some party members and cadres. While our country is still poor and our people are still facing difficulties and shortages, corruption and waste are crimes that diminish the people's trust and the party's fighting power. Uncle Ho considered corruption and waste a foreign aggressor. I suggest that the central level cadres who are in charge of various sectors and levels heighten your responsibility, pay proper attention, and introduce efficient measures for the containment of corruption and waste, thus meeting the people's expectations. Chiefs of all echelons, sectors, state organs, and units must be exemplary in the fight against corruption and waste and must be held responsible for corruption and waste in their levels, organs, and units.

Together with the fight against corruption and waste, we must launch the campaign of frugality widely in the entire society. All party, state, and mass organizations must strictly implement the party Secretariat directive and recent government directive on the practice of thrift. At the moment, we must totally avoid waste, ostentation, and formality in the process of organizing party congresses at all levels and the national party congress. These are practical and popular actions to create public enthusiasm and trust in our party and ensure the success of party congresses at all levels and the eighth national party congress.

Dear comrades, we are striving to end 1995 successfully and prepare for 1996 — the year of the organization of the eighth national party congress — while facing many advantages as well as challenges. In order to accomplish our glorious and formidable duty, the entire party and every party cadre and member must devote themselves to party building work; continue to study, thoroughly understand, and correctly implement the party's line and policy and the state law; firmly maintain the principle of democratic centralism in all party activities; accelerate the practice of self-criticism and criticism; develop advantages and overcome shortcomings; fight against individualism, corruption, waste, and extravagance; make the party become really clean and strong; increase unity and unanimity within the party; improve the close relations between the party and the people; continue to develop the tradition of indomitability and steadfastness; and strive for national independence, socialism, freedom, and happiness for the people.

Our party must mobilize all the people to grasp opportunities firmly, push back dangers, overcome challenges, and achieve greater victories in our undertaking of na-

tional building and protection and national industrialization and modernization. This is a great duty that our party and people are determined to carry out successfully.

On behalf of the party Political Bureau, I wish the comrade party advisers, Central Committee comrades, and participants in this plenum good health and satisfactory execution of all tasks to ensure the success of party congresses at all levels before actively preparing for our eighth national party congress. I declare the ninth plenum of the seventh party Central Committee closed.

Government Places COV Under Foreign Ministry

*BK1011084295 Hanoi VNA in English
0625 GMT 10 Nov 95*

[FBIS Transcribed Text] Hanoi VNA Nov. 10 — The Vietnamese Government has decided to place the Committee for Overseas Vietnamese [COV] under the Ministry for Foreign Affairs.

New statutes for the committee will be drawn up jointly by the foreign minister, the head of the committee and the head (cabinet minister) of the Organization and Personnel Committee of the government for the prime minister's approval.

The decision has been effective since the date of its signing on November 6.

Intensified Efforts Against Smuggling Reported

*BK0411112595 Hanoi Voice of Vietnam Network
in Vietnamese 1100 GMT 2 Nov 95*

[Essay by Thanh Binh]

[FBIS Translated Excerpt] According to incomplete statistics, as of the end of this September, the Market Management Force has discovered and dealt with 43,700 cases of smuggling and illegal trading with more than 100 billion dong confiscated nationwide. In particular, the Market Management Force coordinated with other responsible organs to discover and deal with nearly 14,000 smuggling cases with more than 25 billion dong confiscated in the 14 coastal provinces from Binh Dinh to Quang Ninh.

During last October, the Armed Forces, Border Troops, Public Security, Customs Service, and the Market Management Market in the coastal provinces applied various measures to continue fighting seaborne smuggling with good initial results. In the first half of October, they intercepted 50 instances of smuggling, including six ships and some vehicles that were carrying contraband. [passage omitted on recorded statements suggesting measures to improve antismuggling work by local officials]

Australia**Evans Says Major Issues Resolved Before Summit**

*LD1611100895 Melbourne Radio Australia
in English 0900 GMT 16 Nov 95*

[FBIS Transcribed Excerpt] [passage omitted] Mr. Clinton's decision not to travel to Japan came as foreign and trade ministers from APEC [Asia-Pacific Economic Cooperation forum] began their annual talks in Osaka to finalize preparations for the weekend summit. Australia's foreign minister, Gareth Evans, says all major outstanding issues have been resolved on the Osaka action agenda to be considered at the summit. John Shovelan reports [that] Senator Evans has said the meeting will toughen the free trade commitments made last year.

[Shovelan] Foreign Minister Senator Evans says all that remains now is for the leaders to put their mark on the agreement, in which no sector has been exempted from the free trade deadline.

[Begin Evans recording] People were saying, look at the weasel words that you're no doubt going to try and invent now to cover over on the comprehensiveness issue. Those weasel words are out. [end recording]

[Shovelan] The one issue left outstanding is the dispute between China and the U.S. over granting Beijing normal trading rights. The dispute has been effectively deferred.

John Shovelan, Osaka.

Evans Urges Probe Into Shooting of PNG Woman

*BK1411042395 Melbourne Radio Australia
in English 0100 GMT 14 Nov 95*

[FBIS Transcribed Text] Foreign Minister Gareth Evans says there must be an inquiry into the fatal shooting of a Papuan New Guinea [PNG] woman by Victorian police. Police says 27-year old Helen Marcul was shot outside her Wadonga home while lunging with two knives at a female officer. Senator Evans says the spate of shootings by Victorian police suggest something has gone fundamentally wrong in the service.

Victoria's police minister and acting premier, Pat McNamara, has meanwhile invited PNG's high commissioner, Sir Frederick Reiher, to Melbourne to be fully briefed on the shooting of Mrs. Marcul. Bill Rule reports:

[Begin recording] [Rule] Mr. McNamara spoke to Sir Frederick last night and says he reassured the High Commission that a full and proper inquiry, including a police internal investigation, will be held into the shooting. Sir Frederick has expressed concern at conflicting ac-

counts with eye witnesses claiming Mr. Marcul was unarmed. However, Mr. McNamara says a statement from the dead woman's husband confirmed she was armed with a knife which was removed from her hand after the shooting. Despite the assurance, Sir. Frederick says there is a need for an independent investigation.

[Sir Frederick] We will request all the reports to be given to us, but now at this stage we believe that an independent inquiry is necessary and justified. [end recording]

Official on 'Fragmented' Antiterrorist Efforts

*LD0811105695 Melbourne Radio Australia
in English 0900 GMT 8 Nov 95*

[FBIS Transcribed Text] The head of Australia's domestic intelligence organization ASIO [the Australian Security Intelligence Organization] has expressed concern about a lack of cooperation among antiterrorist agencies in the Asia-Pacific region. Mr. David Sadleir said that compared to antiterrorist agencies in Europe and North America, cooperation in Asia and the Pacific was fragmented. Speaking in Canberra, Sadleir said ASIO would work to strengthen communications with other security services in the region to meet what he described as a steady level of terrorism.

[Sadleir] Some elements are local, including ethnic and religious disputes, insurgencies, separatist movements and instances of state suppression. Others lie outside the region, since that region is one area to which terrorist bodies frustrated in Western Europe and the Middle East are moving. In addition there is, by the standards of Western Europe and North America, a fragmented counterterrorist effort.

Malaysian Tariff Cuts To Benefit Exporters

*BK1411101395 Melbourne Radio Australia
in English 0500 GMT 14 Nov 95*

[FBIS Transcribed Text] Trade Minister Bob McMullan says Australian exporters will benefit from major tariff cuts announced in Malaysia. Senator McMullan says tariff in key sectors will be reduced and abolished in some cases on over 1,500 items, including raw materials, manufacturing equipment, and food products.

Malaysia's deputy prime minister and finance minister, Anwar Ibrahim, announced the tariff cuts while tabling Malaysia's 1996 budget about 10 days ago. Senator McMullan says the cuts are a very encouraging sign of Malaysia's ongoing commitment to trade liberalization on the eve of the APEC [Asia Pacific Economic Cooperation forum] trade summit in Osaka. He says Australian exporters involved with food, coal, iron and

steel, pharmaceuticals, chemicals, and paper products stand to benefit from the liberalization package.

Rallies Held To Mark Dili Massacre

*BK1211090095 Melbourne Radio Australia
in English 0500 GMT 12 Nov 95*

[FBIS Transcribed Text] Protesters have held rallies around Australia to mark the 4th anniversary of the massacre in the East Timor capital, Dili. The massacre occurred on 12 November 1991 when Indonesian troops killed at least 50 people at Santa Cruz Cemetery during a funeral service.

One of the main demonstrations in Australia was around the Indonesian Consulate in Darwin where protesters carried out a 24-hour vigil. A Northern Territory member of parliament, Warren Snowdon, called for the demilitarization of East Timor so that military and paramilitary confrontations with civilians could be avoided.

The humanitarian agency, Community Aid Abroad, said at a rally in Canberra that the Australian prime minister, Paul Keating, should show the same concern for human right abuses in East Timor as he had done for Nigeria.

French Polynesian Opposition Seeks Backing

*BK0811073495 Melbourne Radio Australia
in English 0500 GMT 8 Nov 95*

[FBIS Transcribed Text] A French Polynesian independence leader, Oscar Tamaru, says he will ask Australia for its support for the independence movement at this week's Commonwealth leaders meeting. Erina Reddan [South Pacific correspondent] says Mr. Tamaru has already sought a private meeting with Australian prime minister, Paul Keating, before the conference gets underway.

[Begin Reddan recording] Mr. Tamaru wants Australia and other Pacific nations to seek French Polynesia's re-inscription on the United Nations decolonization list. He says it was removed in 1947 without consultation with the Polynesian people. France's other major Pacific territory, New Caledonia, was re-inscribed on the UN decolonization list in 1986 after intense lobbying by Australia and the Pacific nations.

Mr. Tamaru also travelled to the United States to appeal before the International Subcommittee of Asian and Pacific Affairs. He also appealed to the U.S. to push for the United Nations to take a role in French Polynesia. [end recording]

Cyprus' Leader Says Resolution 'Strongest' Ever

*NC1411133395 Nicosia Cyprus Broadcasting Corporation Radio Network in Greek
1130 GMT 14 Nov 95*

[FBIS Translated Text] President Glavkos Kleridhis today started a four-day official visit to Australia. He was received at the airport by Australian Prime Minister Paul Keating.

Tomorrow President Kleridhis and the Australian prime minister will have official talks, the main issue of which will be developments in the Cyprus issue.

In a statement upon arrival in Canberra President Kleridhis again expressed his satisfaction with the resolution on Cyprus ratified by the Commonwealth leaders during the Auckland summit. President Kleridhis stressed that it is the strongest resolution ever and captures the essence of the issue. He said: The resolution contains remarks on the current situation and adopts an important stance on what must happen.

President Kleridhis is being accompanied by government spokesman Ioannis Kasoulidis.

New Zealand

Cyprus' Kleridhis Meets Prime Minister

*NC1011083995 Nicosia CYPRUS NEWS AGENCY
in English 1720 GMT 9 Nov 95*

[FBIS Transcribed Text] Nicosia, Nov 9 (CNA)—Cyprus President Glavkos Kleridhis, in Auckland for the Commonwealth Heads Of Government Meeting, (CHOGM), briefed today New Zealand's Prime Minister James Bolger on developments in the Cyprus issue.

During a meeting, the two men discussed bilateral relations and exchanged views on issues concerning the CHOGM summit which will open tomorrow.

Meanwhile, foreign minister Alekos Mikailidis, also in Auckland, had meetings with the Commonwealth Secretary-General Emeka Anyaoku, and New Zealand's Minister of Foreign Affairs and Trade Don McKinnon.

They discussed the Cyprus issue and other issues relating to the agenda of the CHOGM.

Mikailidis also represented Cyprus at a meeting of the ministerial group of the Commonwealth for small states.

Speaking at the meeting, Mikailidis said "Cyprus is an example of a small country which is a victim of the expansionist plans of a powerful neighbour."

He condemned Turkey for implementing a policy of turning the island into a Turkish area, adding that

Turkish settlers are illegally brought to the island with an aim to change its demographic character.

"Unfortunately", he said, "the resolutions of the U.N. General Assembly and the Security Council have not been implemented yet. At the same time, the Security Council appears hesitant in taking compulsory measures to secure respect for its decisions as it has done in other cases."

Mikhailidis expressed disappointment and concern for the continued occupation of 37 per cent of the island's territory by Turkey and referred to the security problems which small states face.

Cyprus has been divided since 1974 when Turkish troops invaded and occupied this East Mediterranean island's northern third.

South African President Visits Maori Center

MB1411201595 Johannesburg SABC TV 1 Network in Afrikaans 1600 GMT 14 Nov 95

[FBIS Translated Text] President Nelson Mandela is full of confidence that trade, investments, and tourism between South Africa and New Zealand will get a boost after tomorrow's discussions with Prime Minister Jim Bolger. The talks are part of a full program for Mr. Mandela, which began after the Commonwealth summit with a state visit to New Zealand.

According to reports, Mandela's visit has surpassed all expectations, and many people are present at his appearances. Earlier today, he visited the Maori Trust Center near Auckland, where the Maoris welcomed him with a traditional feast. Mandela told the Maoris he identified with their struggle for land and self-determination. For many, it was an emotional occasion. [passage omitted]

Mandela was welcomed in Wellington by Governor General Catherine Tizard. His discussions with government members tomorrow will include the signing of an agreement on Antarctic cooperation.

Mandela Trust Raises Funds for South Africa

MB1211153595 Johannesburg SAPA in English 1053 GMT 12 Nov 95

[FBIS Transcribed Text] AUCKLAND, New Zealand, Nov 12 SAPA — President Nelson Mandela faced one of his largest crowds ever on Sunday as up to a quarter of million people watched a music and fireworks spectacular in honour of New Zealand's Nelson Mandela Trust. Funds raised by the show would go to the trust's first project, a water supply scheme in impoverished parts of Eastern Cape, organisers said.

Police estimated a crowd well over 200,000 turned up for the sound and light extravaganza featuring massed bands, dancing, Maori and Pacific Islands culture and New Zealand's biggest ever fireworks display.

"We are moved by the power of this concert to splendidly evoke unity in diversity," Mandela told the crowd gathered in a 86-hectare inner-city park in Auckland, where he has been attending the Commonwealth Heads of Government Meeting. "You make us feel at home in the world."

The trust was set up by New Zealand observers of the 1994 election. It aims to raise money for South Africa's rural poor.

"The generous and noble ideals which are expressed here tonight...embrace not only the Commonwealth but the whole of humanity as a single family," Mandela said.

Premier Holds Talks With Singapore Counterpart

BK0911135395 Singapore Radio Corporation of Singapore in English 1000 GMT 9 Nov 95

[FBIS Transcribed Text] Prime Minister Goh Chok Tong and the New Zealand prime minister, Mr. Jim Bolger, have held wide-ranging talks in Auckland. Mr. Goh is in Auckland for the Commonwealth Heads of Government Meeting.

Both leaders discussed the forthcoming APEC [Asia-Pacific Economic Cooperation] summit. They agreed that the comprehensive accord reached at Bogor should be the basis of the Osaka meeting and should be carried forward. On the nuclear issue, both leaders said the summit is expected to push for an early conclusion of a test ban on nuclear weapons. Both leaders also discussed calls for the expulsion of Nigeria from the Commonwealth for its human rights record.

Wellington Urges Court To Outlaw Nuclear Arms

LD1011155995 Melbourne Radio Australia in English 0700 GMT 10 Nov 95

[FBIS Transcribed Text] New Zealand has appealed to the International Court of Justice in The Hague to rule that nuclear arms are illegal. Addressing the court on whether the use or threat of nuclear weapons is legal, New Zealand's attorney-general, Paul East, said their use violated [word indistinct] principles of international humanitarian [word indistinct] of the Non-Proliferation Treaty. New Zealand also reiterated its criticism of French nuclear tests in the Pacific. The New Zealand attorney-general said the countries of the South Pacific region had a justified fear of radioactive contamination from the French tests. And it said small islands relied

on the marine environment for their livelihood. The International Court of Justice is the top judiciary organ of the United Nations. It has been asked by the UN General Assembly and the World Health Organization to give a consultative opinion on whether the use or threat of nuclear weapons is legal. The court has so far heard arguments from delegations from more than 20 countries. Some of the countries have urged the court to avoid jurisdiction.

Papua New Guinea

Government Appoints New Defense Force Chief

*LD1611103595 Melbourne Radio Australia
in English 0800 GMT 16 Nov 95*

[FBIS Transcribed Text] The Papua New Guinea Government has appointed Colonel (Jerry Singarok) as the new commander of the country's 3,000-member Defense Force. The prime minister, Sir Julius Chan, said the appointment would take effect as soon as the governor-general, Sir Wiwa Korowi, signs the cabinet decision.

Thirty-eight-year-old Colonel (Singarok) is the youngest officer to be appointed as head of the Papua New Guinea Defense Force. Colonel (Singarok), of Madang Province, was the country's former intelligence chief.

Colonel (Singarok) replaces General Tony Huai. Paying tribute to General Huai, Sir Julius said the government thought it was time to assign General Huai to other responsibilities and appoint a younger officer to command the Defense Force.

Sir Julius has also announced that his government will create two separate budgets for the Papua New Guinea Defense Force. Stephen Damien reports that the government will separate the Defense Force budget from the Bougainville budget.

[Damien] The prime minister, Sir Julius Chan, admitted that the Bougainville crisis had been a major financial burden on the Defense Force. He added that his government plans to separate the Defense Force budget from the Bougainville operation to enable the Defense Force to carry out its other normal duties. Its financial difficulties include overdue entitlements for retired servicemen and allowances for soldiers on Bougainville. Sir Julius Chan said his government would make sure that the new commander will be able to run the army without this burden.

[Begin Chan recording] We've got to try to give him the capacity to be able to deal with unforeseen situations, and the sooner we bring the Bougainville situation to a close the better it is for everybody. So yes, we just can't appoint a new man without capacity. We've got to put (?wings) to him. [end recording]

Solomon Islands

Japanese Government Supplies Medical Equipment

*BK1111093795 Melbourne Radio Australia
in English 0500 GMT 11 Nov 95*

[FBIS Transcribed Text] In Solomon Islands, the five-year primary health program, funded by the Japanese Government, has been boosted with Tokyo supplying additional medical equipment to the scheme. The Japanese charge d'affaires in Honiara, (Yugo Okano), has officially handed over more than U.S. \$400,000 worth of medical equipment to the ministry. (Mr. Okano) said the modern medical equipment supplied by his government has so far played an important role. He says a malaria control program in Solomon Islands has been a great success with new cases of the disease dropping by half.

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